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IN THE  
**Supreme Court of the United States**

October Term 1991

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CONSOLIDATED FREIGHTWAYS, INC.,

*Petitioner,*

v.

HERMAN WALKER, BRADLEY COLESWORTHY,  
TERA B. SLAUGHTER and THOMAS DILLON,

*Respondents.*

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PETITION FOR A WRIT OF CERTIORARI  
TO THE UNITED STATES COURT OF APPEALS  
FOR THE FOURTH CIRCUIT

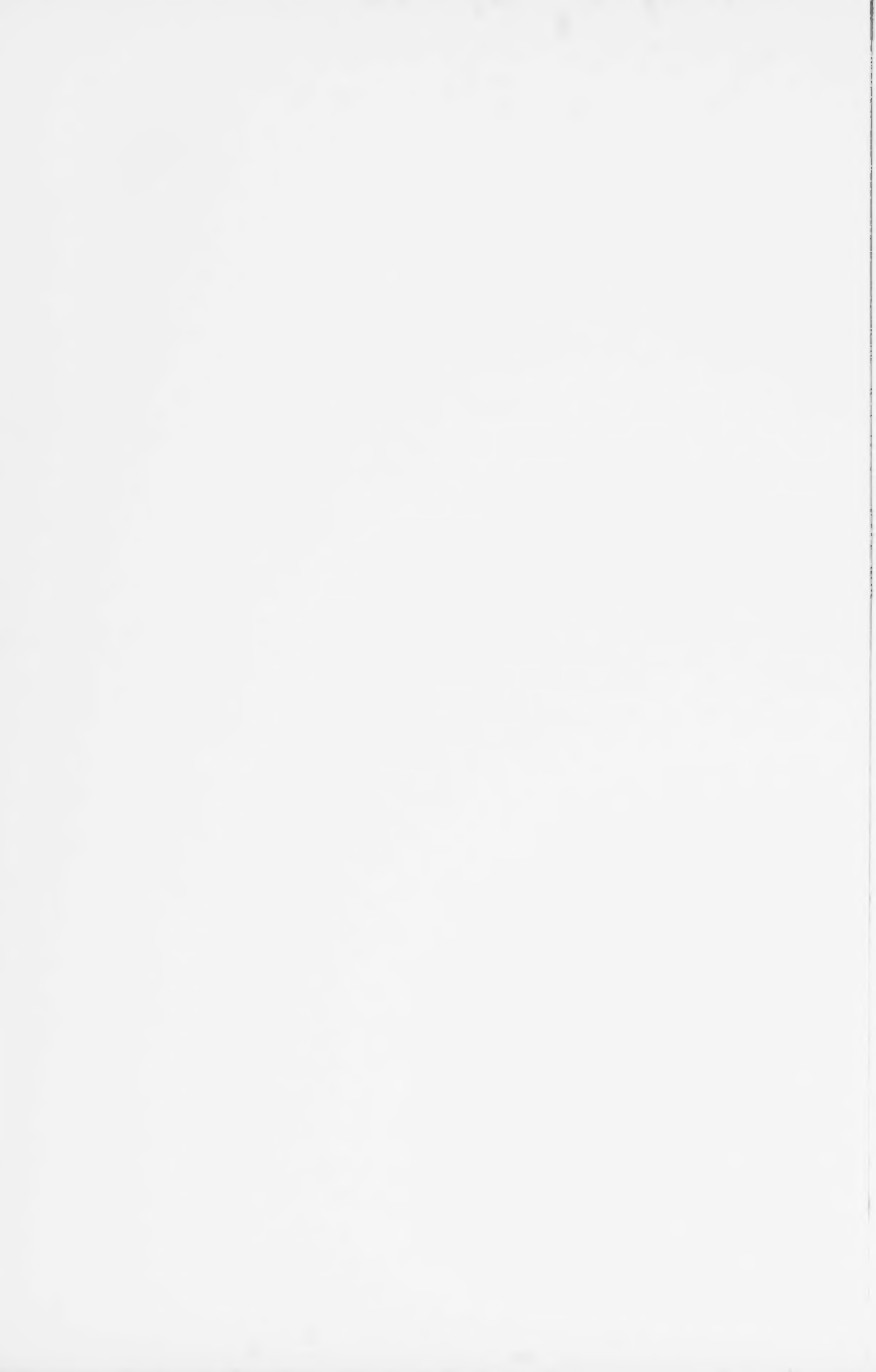
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PETITION FOR A WRIT OF CERTIORARI

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## QUESTION PRESENTED

Whether the articulation of a basis in the collective bargaining agreement for the decision of a joint union-employer grievance arbitration panel satisfies the test of "arguably construing or applying the contract", and as a consequence, such decision is valid as drawing its essence from the collective bargaining agreement.

## PARTIES BELOW

The Plaintiffs and Appellees in the proceedings below were as follows:

Herman Walker, Bradley Colesworthy, Tera B. Slaughter and Thomas Dillon as representatives of a class of employees represented by Teamsters Local Union No. 71 employed by Consolidated Freightways Inc., Transcon, Inc., and P.I.E. Nationwide.

The Defendants and Appellants in the proceedings below were as follows:

Consolidated Freightways, Inc., Transcon, Inc.\*, P.I.E. Nationwide\* and Teamsters Local Union No. 71.

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\*Inasmuch as Transcon, Inc., and P.I.E. Nationwide are presently under the protection and supervision of United States Bankruptcy Courts, those Defendants and Appellants below have elected not to join in this Petition.



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The United States Court of Appeals for the Fourth Circuit has rendered a decision on a Federal question in conflict with other United States Courts of Appeals, and in conflict with applicable decisions of this Court, specifically, in the application of this Court's decision in United Paperworkers Int'l Union v. Misco, Inc., 484 U.S. 29 (1987).

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PETITION FOR A WRIT OF CERTIORARI TO THE  
UNITED STATES COURT OF APPEALS FOR THE  
FOURTH CIRCUIT

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ON PETITION FOR A WRIT OF CERTIORARI TO  
THE UNITED STATES COURT OF APPEALS FOR  
THE FOURTH CIRCUIT

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The Petitioner, Consolidated Freightways, Inc.,  
respectfully petitions for a Writ of Certiorari to review the  
Judgment of the United States Court of Appeals for the  
Fourth Circuit entered in this case affirming the District

Court's conclusion that Consolidated Freightways, Inc.,  
breached its collective bargaining agreement with Teamsters  
Local Union No. 71.

## OPINIONS BELOW

The decision of the United States Court of Appeals for the Fourth Circuit is reported at 930 F.2d 376 and is reproduced at App. 46a. The decision denying the Motion for Reconsideration and Suggestion for Rehearing En Banc is not reported and is reproduced at App. 70a. The Mandate is reproduced at App. 73a.

The decision of the United States District Court for the Western District of North Carolina is reported at 714 F.Supp. 178 and is reproduced at App. 1a. The District Court's Judgment is unreported and is reproduced at App. 44a.

## JURISDICTION

The Court of Appeals issued its decision on April 11, 1991. The Court Denied the Petition for Rehearing and Suggestion for Rehearing En Banc on June 20, 1991. The Court of Appeals' Mandate became effective on June 27, 1991. This Petition is timely filed with this Court under 28 U.S.C. 2101(c). The jurisdiction of this Court is invoked under 28 U.S.C. §1254(1). The grounds for which Certiorari may be granted are set forth in Rule 10.1(a) and (c) of the Rules of this Court.



## STATUTES INVOLVED

### **29 U.S.C. §173(d):**

(d) Final adjustment by a method agreed upon by the parties is hereby declared to be the desirable method for settlement of grievance disputes arising over the application or interpretation of an existing collective bargaining agreement. The Service is directed to make its conciliation and mediation services available in the settlement of such grievance disputes only as a last resort and in exceptional cases.

### **29 U.S.C. §185(a):**

(a) Venue, amount, and citizenship. Suits for violation of contracts between an employer and a labor organization representing employees in an industry affecting commerce

as defined in this Act, or between any such labor organizations, may be brought in any district court of the United States having jurisdiction of the parties, without respect to the amount in controversy or without regard to the citizenship of the parties.

## STATEMENT OF THE CASE

### A. The Facts<sup>1</sup>

The National Master Freight Agreement and Carolina Over-the-Road Supplement ("NMFA"), is a labor-management collective bargaining agreement governing wages, hours and other terms and conditions of employment for over-the-road truck drivers represented by Teamsters Local Unions in the two Carolinas. Prior to the expiration of the 1982 - 1985 NMFA, road drivers working under it had been paid on a mileage basis calculated by multiplying the mileage rate of pay by established mileage figures between various cities. This is often referred to as "AAA"

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<sup>1</sup>Material in regular type is derived from the District Court's Findings of Fact. Material in **bold face** is derived from Stipulations by the parties or uncontroverted facts in the record which were not incorporated in the District Court's Findings.

or "post office to post office" mileage, since the "zero mileage point" for many cities and towns is located at or near the main post office. [App. 10a]. On March 31, 1985, the predecessor NMFA expired and negotiations for a new contract continued after the expiration date until a new tentative agreement between the parties was reached and ratified by the Teamsters membership in May 1985. [App. 7a-8a].

A completely new provision, Article 52, Section 3 of the 1985 - 1988 agreement, provided that within six months the parties would convert from zero point mileage to terminal to terminal mileage. Mileage would be adjusted by establishing a common check point outside each terminal city and by calculating the distance from the common point to each terminal. This so-called "spur" mileage would then be added to the AAA mileage from check point to check

point to determine revised mileage for pay purposes. The new provision also acknowledged that disputed "trunk" ("over-the-road") mileage would be recalculated. Section 2 of the Article contained a previously existing procedure for resolving disputes over AAA, or trunk mileage, culminating in an approval proceeding before the Carolina Bi-State Grievance Committee, and a provision that any remeasurement of mileages would not result in retroactive pay to or from any driver. [App. 8a-9a].

After the ratification of the NMFA, a dispute arose as to whether the trunk miles as well as the spur miles had to be calibrated. The Employers argued that Article 52, Section 3 required the recalibration of only spur miles. [App. 11a]. The Local Unions, however, insisted on recalibrating both spur and trunk mileage. As a result of this dispute, the calibrations were delayed through

the summer of 1985. Finally, on September 4, 1985, Local Union No. 391, one of the local unions signatory to the NMFA, filed grievances placing in dispute all trunk miles in order to break the deadlock and raise the "disputed over-the-road mileage" question under Article 52, Section 3.

As a result, the Carolina Negotiating Committee met on September 9, 1985, and appointed a Mileage Subcommittee to calibrate the terminal to terminal mileage including both trunk miles and spur miles. The Carolina Negotiating Committee also established "rules, regulations and guidelines" for recalibrating mileage. The guidelines commissioning the Subcommittee stated, in pertinent part, as follows [App. 12a-13a, 52a-53a]:

- (4) Will submit completed mileage checks to the Bi-State Committee on November 20 and such mileages are to be implemented by the carriers on

December 1. Mileage checks completed after November 20 will be submitted to the Bi-State on a monthly basis.

The measurement began in October, 1985, but by the time of the November 20, 1985, meeting of the Bi-State Committee, none were completed and ready for reporting. As time progressed during the winter months of 1985-86, weather became a significant factor in limiting the Subcommittee's ability to measure mileages. Additionally, the task required the expenditure of an extraordinarily large number of man hours by individuals employed in other regular jobs by the affected unions and employers. Accordingly, the remeasurement could not go on continuously day after day. As a consequence of these factors, the time required to accomplish the task became extended.

In the meantime, on February 17, 1986, Herman

Walker, one of the plaintiffs below, filed a "class action grievance" stating that as of that date "the carriers have not implemented the new mileage figures as they agreed to on September 9, 1985." The grievance requested that all mileage recalibrations be "retroactive to December 1, 1985, just as the carriers agreed to on September 9, 1985." [App. 14a]. Local 71 processed the grievance and it was accepted as timely by Consolidated Freightways, his employer. [App. 17a].

Pursuant to their understanding of Article 52, the Subcommittee of employer and union representatives reported the results of the mileage recalibration to the Carolina Bi-State Grievance Committee. In the past, the Bi-State Committee had been presented with mileage reports for approval and implementation of the mileage figures so that all companies would be paying the same amount.



[App. 19a].

The Bi-State Committee met on March 20, 1986, to consider the first mileage report, which was docketed as Case No. 144-R-86, the grievance previously filed by Local Union No. 391. [App. 19a]. The report stated that some 90% of the mileages had been measured. [App. 19a]. The minutes of the Bi-State committee on this case reflect its decision as follows:

Case No. 144R86 Mileage Sub-Committee  
Report.

Issue: Pursuant to the provisions of Article 52, sections 2 and 3 of the Carolina Freight Council Over-the-Road Supplemental Agreement for the period April 1, 1985 to March 31, 1988, the Carolina Bi-State Grievance Committee received the report of the Mileage Sub-Committee appointed pursuant to the aforesaid provision.

Charles S. Williams presented the report of the Sub-Committee. Ray

Smith, was present and participated in the presentation.

Decision: The mileages are accepted as submitted and shall be effective May 4, 1986.<sup>2</sup>

[App. 15a].

Local 71 submitted the various Walker grievances to the Bi-State Committee on May 9, 1986. Local 71 summarized the grievances as follows:

On September 9, 1985, the Carolina Negotiating

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<sup>2</sup>The data furnished to the Local Unions and Companies pursuant to 144-R-86 had to be tailored to each operation. This consumed significant time. The Mileage Subcommittee report contained only the trunk mileage and the spur mileage, without combining them to determine the mileage between terminals. Following the approval of the mileage recalibration, representatives of each Company and each Local Union met to review the gross data and to calculate the new mileage for each run. This task took several weeks. The Bi-State Committee apparently chose the May 4 effective date to permit these additional calculations.

Committee met to set forth rules, regulations and guidelines that were to be followed in logging miles from terminal to terminal. It was agreed the mileage checks would be submitted to the Bi-State Grievance Committee on November 20, 1985 and implemented by all carriers on December 1, 1985. The Union is requesting all new mileage figures be rolled back to and paid to all drivers retroactive to December 1, 1985 just as the carriers agreed to on September 9, 1985.

[App. 54a, 68a].<sup>3</sup>

The Bi-State Committee heard Walker's grievances as Case No. 259-R-86 on September 16, 1986. [App. 15a].

The delay between February and September was caused

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<sup>3</sup>On May 12, 1986, after terminal-to-terminal mileage went into effect on May 4, Walker filed a similar grievance on behalf of himself and 41 other designated employees, again requesting retroactive implementation to December 1, 1985. [App. 54a]. On July 21, 1986, Walker filed a grievance protesting the mileage figures used by Consolidated and also protesting Consolidated's delay until June 29, 1986 in implementing the new mileage figures.

by a number of factors. Local 71 Business Agent Bowman was sick and underwent surgery in both March and April. He met with Consolidated to discuss the Walker grievances in May and submitted them to the Bi-State Committee in early May. In June the Bi-State Committee did not reach the case on its agenda. In July the Bi-State Committee held no meeting, and Bowman postponed the case in August so that it would be the first case heard in September. [App. 67a].

Business Agent Bowman and Walker presented Local 71's position at the Bi-State Committee hearing in September, 1986. Local Union 71 President Conrad Sides was also present and participated. In response to a point of order from the Committee, Walker and Bowman limited the scope of the grievance to all Consolidated employees represented by Local 71. The

Consolidated representative acknowledged that Consolidated began paying terminal-to-terminal mileage on July 17, but stated that the payments were retroactive to May 4. Walker conceded that Consolidated had complied with the May 4 effective date. Walker and Local 71 urged that the mileage be retroactive to December 1, 1985.

Sides argued to the Bi-State Committee that the September 9 agreement requiring payment effective December 1 "was the intent of all parties concerned when we left [the meeting] that day" and that "that was the intent of both sides at that meeting. Both Union and Company was to fulfill that" agreement. Walker did not challenge the Union's presentation of his

grievances.<sup>4</sup>

On September 16, 1986, the Bi-State Committee issued the following decision in Case No. 259-R-86 [App. 55a]:

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‘Walker had the opportunity to introduce whatever documents he desired and to speak freely while presenting Local 71’s case. [App. 68a]. Walker and Bowman had the opportunity at the Bi-State Committee hearing to put in all the evidence they desired. They presented all the evidence that they wanted to present. The Company did not misrepresent any facts to the Committee. Bowman did not do anything improper at the hearing on Case 259-R-86.

Walker does not accuse Sides, Bowman, or any official of Local 71 of any bad faith or wrongdoing in connection with the terminal-to-terminal implementation or his grievance or his representation at the Bi-State Committee hearing. Up to the time of the Bi-State Decision on September 16, Walker never complained or objected to Bowman about his representation or presentation to the Bi-State Committee. [App. 68a-69a].

Based on the evidence that the Company is in compliance with Article 52, Section 2 and the decision of this committee in case 144-R-86 and further that the minutes of the Sept. 9, 1985 meeting of the Carolina Negotiating Committee are merely guidelines, the claim is denied.

Subsequent to the decision in Walker's grievance, the Carolina Bi-State Committee heard and decided at least four other cases dealing with the same or similar issues. In Case 363-R-86, Local Union 61 v. Carolina Freight Carriers Corporation, which challenged the December 1 date as well as the May 4 date, the Committee decided that:

The committee finds based on the evidence presented including the testimony of the grievant, that when reading Article 52, Section 2 and 3 as governing this case the effective date of May 4, 1986 for implementation of gate to gate mileage is proper under the contract, therefore the claim is denied.

All of the other cases were decided by the Bi-State

Committee consistent with the decision in Case No. 144-R-86.

This action was filed on October 14, 1986. [App. 15a].

#### B. The Litigation

Plaintiffs filed their class action Complaint against the employer defendants, pursuant to jurisdiction conferred on the United States District Court by Section 301 of the Labor-Management Relations Act, 29 U.S.C. § 185, and against the Union defendants pursuant to the provisions of the Labor-Management Reporting and Disclosure Act, 29 U.S.C. § 401, et seq., on October 14, 1986. It alleged that three employers and two employer associations (Trucking Management, Inc. and Carolina Trucking Association, Inc.) breached the collective bargaining agreement covering them by refusing to pay the proper



mileage pay between October 1, 1985 and May 4, 1986. The Complaint also alleged that Teamsters Local Union Nos. 71, 28, 61, 391 and 509 and Teamsters Joint Council No. 9 violated the duty of fair representation owed the Plaintiffs by failing to ensure that the employers paid the proper mileage pay.

By Order dated September 4, 1986, the district court granted the plaintiffs' Motion to dismiss defendants Trucking Management, Inc. and Carolina Trucking Association, Inc.

By Order dated November 24, 1987, the district court dismissed by agreement the suit as to Defendant Teamsters Local 509, granted Motions to Dismiss by Teamsters Locals 28, 61 and 391 and granted a Motion for Summary Judgment by Teamsters Joint Council No. 9.

By Order dated February 19, 1988, the district court

conditionally certified the following Plaintiff class:

All over-the-road drivers covered by the provisions of the Carolina Supplement to the National Master Freight Agreement for the period April 1, 1985, to March 31, 1988, who were employed by Consolidated Freightways, Inc.; Transcon, Inc.; or P.I.E. Nationwide, during the period between October 1, 1985, and May 4, 1986.

It had been argued by the defendants that the plaintiff class must be limited to those employees represented by Local 71. The parties then stipulated that "The named plaintiffs and the class members are members of Local 71". Despite this stipulation, the district court reiterated the larger Plaintiff Class conditionally certified on February 19, 1988. [App. 3a].

Following extensive discovery and the denial of the defendants' Motions for Summary Judgment, the district court conducted a non-jury trial in Charlotte, North Carolina, on May 24-26, 1988. On May 8, 1989, the

district court issued its Findings of Fact and Conclusions of Law and Judgment. [App. 1a].

The district court ruled that the Bi-State Committee's action on March 20, 1986, in Case No. 144-R-86, constituted an amendment to the collective bargaining agreement. Consequently, the committee exceeded its authority by modifying the contract. The court also ruled that Local 71 assented to the renegotiation of the contract as embodied in the committee decision, and thereby breached its duty of fair representation because it did not submit this renegotiation to the members for approval. The failure to submit the committee's ruling to a vote was also violative of Title I of the Labor-Management Reporting Disclosure Act.

In addition, the district court held that Local 71 violated its duty of fair representation when it "failed to seek timely

implementation" of the mileage subcommittee report; when it "failed to raise the issue of pay" when it became clear that the calibration would not be completed on schedule, and when it delayed processing Walker's grievances. The district court also rejected the union's contention that the action was barred by the Statute of Limitation. Concomitantly, the court held that the employers had breached the collective bargaining agreement, and entered judgment ordering the employers "to pay back pay based upon gate-to-gate mileage to affected drivers retroactive to December 1, 1985."

On April 11, 1991, a three member panel of the United States Court of Appeals for the Fourth Circuit, with Judge Sprouse dissenting in part, substantially affirmed the District Court's ruling, although it reversed the lower court's decision as to the scope of the affected class as to

the employers. On June 20, 1991, the original panel denied appellants' petition for rehearing (Sprouse, J., dissenting). On that same day, appellants' suggestion for rehearing en banc was also denied (Ervin, Phillips, Murnaghan, and Sprouse, JJ., dissenting).

## REASON FOR GRANTING THE WRIT

The United States Court of Appeals for the Fourth Circuit has rendered a decision on a Federal question in conflict with other United States Courts of Appeals, and in conflict with applicable decisions of this Court, specifically, in the application of this Court's decision in United Paperworkers Int'l Union v. Misco, Inc., 484 U.S. 29 (1987).

In the landmark decision in United Steelworkers of America v. Enterprise Wheel & Car Corp., 363 U.S. 593 (1960), this Court first announced the standard for review of an arbitral decision within the context of a labor-management collective bargaining agreement and Sections 203 and 301 of the Labor Management Relations Act, 29 U.S.C. §§173 and 185.<sup>5</sup> The Court stated

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<sup>5</sup>Under the decision of this Court in Teamsters Local 89 v. Riss and Co., Inc., 372 U.S. 517 (1963), the decision of a joint grievance arbitration panel enjoys the same dignity as the decision of an independent arbitrator.

"When an arbitrator is commissioned to interpret and apply the collective bargaining agreement, he is to bring his informed judgment to bear in order to reach a fair resolution of a problem... He may of course look for guidance from many sources, yet his award is legitimate only so long as it draws its essence from the collective bargaining agreement."

Enterprise Wheel, 363 U.S. 593, 597.

Visiting this issue again in the case of W. R. Grace & Co. v. Local Union 759, International Union of Rubber Workers, 461 U.S. 757 (1983), the Court reaffirmed Enterprise Wheel by stating that

Unless the arbitral decision does not "dra[w] its essence from the collective bargaining agreement," a court is bound to enforce the award and is not entitled to review the merits of the contract dispute. This remains so even when the basis for the arbitrators decision may be ambiguous.

W. R. Grace, 461 U.S. 757, 767 (quoting Enterprise Wheel, 363 U.S. at 597).

Despite this reaffirmation, confusion in the district and

circuit courts continued to the point at which the Court again addressed the issue.<sup>6</sup> In United Paperworkers Int'l Union v. Misco, Inc., 484 U.S. 29 (1987) the Court went further than ever before in more sharply defining the "draw its essence" standard by stating that

As the Court has said, the arbitrator's award settling a dispute with respect to the interpretation or application of a labor agreement must draw its essence from the contract and cannot simply reflect the arbitrator's own notions of industrial justice. But as long as the arbitrator is *even arguably construing or applying the contract* and acting within the scope of his authority, that a court is convinced he committed serious error does not suffice to overturn his decision. Of course, decisions procured by the parties through fraud or through the arbitrators dishonest need not be enforced.

Id. at 38. (Emphasis added).

The strength of this pronouncement, however, has not

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<sup>6</sup>Ray, Protecting the Parties' Bargain After Misco: Court Review of Labor Arbitration Awards, 64 Ind. L.J. 1 (1988).



settled the question. Faced with decisions of arbitrators based on ambiguous reasoning, the lower courts still find themselves free to utilize other devices to overturn arbitral decisions and dispense their, rather than the arbitrators', brand of industrial justice. While several of the Circuit Courts of Appeals have held true to the admonition of Misco in such cases as Berklee College of Music v. Berklee Chapter of the Massachusetts Fed'n of Teachers, Local 4412, 858 F.2d 31 (1st Cir. 1988); Litvak Packing Co. v. United Food & Commercial Workers, Local 7, 886 F.2d 275 (10th Cir. 1989); and Osceola County Rural Water System v. Subsurfco, Inc., 914 F.2d 1072 (8th Cir. 1990), others have not.

Cases decided in apparent disregard of Misco can be found in the decisions of various circuits. International Brotherhood of Elec. Workers, Local 429 v. Toshiba

America, Inc., 879 F.2d 208 (6th Cir. 1989) is illustrative. There the union brought action to enforce an arbitration award reinstating discharged employees. The United States District Court for the Middle District of Tennessee refused enforcement and then a panel of the Sixth Circuit Court of Appeals affirmed by concluding that the arbitrator had ignored plain language of the contract. Judge Keith dissenting, pointed to contractual provisions which supported the arbitrator's award and, citing Misco, stated that

Far from merely "even arguably construing or applying the contract" ... his conclusions were firmly grounded in the agreement's language.

Id. at 212.

Similarly is the case of Delta Queen Steamboat Co. v. Dist. 2 Marine Eng'rs Ben. Ass'n, 889 F.2d 599 (5th Cir. 1989), reh'g denied, 897 F.2d 746 (5th Cir. 1990). There

the circuit court affirmed the decision of the District Court for the Eastern District of Louisiana vacating an arbitrator's decision in the case of a discharged riverboat captain, the arbitrator having awarded reinstatement based on his view of the facts, contract language and contract application history. The court concluded that the arbitrator had overstepped his duty in fashioning a remedy in violation of what the court saw as clear contractual language.

On suggestion for rehearing en banc, four of the learned judges for the Fifth Circuit strongly dissented from that court's denial of the petition. Relying most heavily on Misco, and citing language in the collective bargaining agreement to support the arbitrator's award, Judge Williams, writing for the dissenters, stated:

In light of the contract wording it is unescapable that the arbitrator was "arguably construing or applying the contract and acting within the scope of its

authority..." Instead, the panel uses the "jurisdiction" or "non-arbitrability" rubric to paper over the fact that the issue was one of contract interpretation and application. It is a common claim ... that an asserted incorrect interpretation of the contract means that the arbitrator exceed his or her jurisdiction.

Delta Queen, 897 F.2d 746, 750 (emphasis in the original).

So also is the decision of the Fourth Circuit in the instant case.

Here the district and circuit courts, apparently troubled by the applicability of Misco to the decisions of the arbitration panel, and the clearly and logically articulated contractual basis for them, chose to reach their decisions overturning those of the arbitration panel by simply concluding that the contract language was clear and unambiguous, and that the panel had exceeded its authority by amending the contract. Scratching the surface of those decisions, however, as did Judge Sprouse in his dissenting

opinion, it can readily be seen that the real basis for that conclusion was only that those courts' analyses of the applicable contract provision differed from that of the arbitration panel.

The contractual provisions at issue are Sections 2 and 3 of Article 52 of the NMFA, which read as follows:

Section 2. Mileage Determination

Mileage shall be computed on official AAA mileage. Where a dispute arises it shall be filed with the Bi-State Grievance Committee. The Employer and the Union shall then jointly log the mileage from terminal to terminal, and the results reported to the Bi-State Grievance Committee. Once this mileage is established, it shall immediately be applied to all runs operated over that particular route by all Employers operating between those two points. No Employer shall change its present mileage pay until the above procedure has been followed, unless such change is agreed to by the Local Union involved. The speedometer of any measuring automobile must be calibrated prior to any measurement. *Any change in mileage resulting from the above procedure shall not result in any retroactive pay to a driver or refund from a driver.* [Emphasis added].

### Section 3. Mileage Adjustment

Within six (6) months of the effective date of this Agreement, the parties will convert the mileage from zero point to terminal by jointly checking the miles to each terminal. It is understood the parties will establish a common check point outside the terminal city and determine the difference in distance between the zero point and the terminal. Once the difference is established, the mileages will be adjusted. It is further understood that any disputed over-the-road mileage between points will also be determined.

The minutes of the Bi-State Committee reflect that when finally presented with the report of the mileage Subcommittee on March 20, 1986, containing remeasurements of both trunk and spur miles, it acted pursuant to both Section 2 and Section 3. The minutes on that case reproduced verbatim are as follows:

#### Case No. 144R86 Mileage Sub-Committee Report.

Issue: Pursuant to the provisions of Article 52, sections 2 and 3 of the Carolina Freight Council Over-the-Road Supplemental Agreement for the period April 1, 1985 to

March 31, 1988, the Carolina Bi-State Grievance Committee received the report of the Mileage Sub-Committee appointed pursuant to the aforesaid provision.

Charles S. Williams presented the report of the Sub-Committee. Ray Smith, was present and participated in the presentation.

Decision: The mileages are accepted as submitted and shall be effective May 4, 1986.

On September 16, 1986, the Bi-State Committee was presented with an opportunity to reconsider its decision in Case No. 144R86 in light of sound and instructive arguments by an affected employer and local union. It did so through the vehicle of the consolidated grievances filed by Herman Walker, one of the plaintiffs below. The Bi-State Committee rendered a decision in that case in conformity with Case No. 144R86, the September 9, 1985 Negotiating Committee Guidelines and Article 52, Sections

2 and 3, of the NMFA. The decision was:

Based on the evidence that the Company is in compliance with Article 52, Section 2 and the decision of this committee in case 144R86 and further that the minutes of the September 9, 1985 meeting of the Carolina Negotiating Committee are merely guidelines, the claim is denied.

At least four other cases dealing with the same or similar issues were heard and decided similarly by the Committee. Among them, in Case No. 363R86, the Bi-State Committee specifically considered the propriety of the May 4, 1985, implementation date imposed in Case No. 144R86, and the December 1, 1985, date which the courts below have held to be the proper implementation date. The Committee's decision was:

The Committee finds based on the evidence presented, including the testimony of the grievant, that when reading Article 52, Section 2 and 3, as governing this case, the effective date of May 4, 1986, for implementation of gate-to-gate mileage is proper under the contract, therefore the claim is



denied.

There can be little doubt that the arbitral panel reached rational and contractually justifiable decisions.

The confusion in this case starts from the reasonable premise that Article 52, Section 3 required only the recalibration of spur miles, the miles from "a common point outside the terminal city" to the terminal. By agreeing to determine the difference between (1) the common point and the terminal and (2) the zero point and the terminal, the parties obviously planned to take the AAA mileage, subtract distance (2) and add distance (1) to obtain the accurate gate-to-gate mileage. In writing Section 3, the parties obviously assumed that the AAA mileage between the zero points was accurate, although they provided procedures for challenging such mileage. Accordingly, they did not delete the first sentence in Section 2, which

provides that "Mileage shall be computed on official AAA mileage."

However, after ratification of the contract, being convinced that the real benefit in pay for most drivers was to be realized from remeasurement of trunk miles and that spur miles would only result in a wash, the Unions challenged the accuracy of all the AAA calculations of the trunk mileage through grievances filed pursuant to Article 52, Sections 2 and 3. Thus by disputing the accuracy of the AAA mileage to achieve that perceived advantage for the drivers, the Unions triggered the dispute resolution provisions of Section 2.

The Unions' challenge created a conflict between Section 3 and Section 2. Section 2 expressly prohibited retroactive pay based upon the recalculation of disputed miles by stating that "[a]ny change in mileage resulting

from the above procedure shall not result in any retroactive pay to a driver or refund from a driver." Section 3, on the other hand, arguably required a December 1, 1985 effective date of pay on recalibrated spur miles regardless of the completion date of the recalibration. However, Section 3 also provided that "Once the difference is established, the mileages will be adjusted." Accordingly, it is a reasonable reading of these provisions, and one which was apparently adopted by the Committee, that Section 3 required only that the parties begin recalibrating the spur miles within six months, and that Section 3 did not require either completion of the check within six months or retroactivity of pay to December 1, 1985, regardless of the completion date. The Bi-State Committee's decision of March 20 resolved the tension between the two Sections in favor of Section 2.

Under the NMFA, resolution of disputes concerning

the applicability of apparently conflicting contract language is clearly within the authority of the Bi-State Committee. Articles 43 and 44 of the contract create the Bi-State Committee and expressly authorize it to render a final and binding decision on "any controversy which might arise" among the parties. Furthermore, Article 52 specifically authorizes the Bi-State Committee to resolve disputes concerning mileage.

Arbitrators and Joint Committees clearly have authority to fill gaps and to resolve conflicts between contractual provisions. That is precisely what the Bi-State Committee did. Neither the district court nor the circuit court may substitute their judgment for that of the Committee merely because it disagrees with the Committee's construction and application of the contract. See: Misco at 38; Enterprise Wheel at 599.

The decisions of the district court and the circuit court rest on the mistaken and incomplete reasoning that the first sentence of Article 52, Section 3, of the NMFA governs the entirety of this case, and unambiguously requires payment of terminal-to-terminal mileages within six months of ratification of the Agreement. A closer examination of the whole provision reveals another view. Again, the first sentence reads:

Within six (6) months of the effective date of this Agreement, the parties will convert the mileage from zero point to terminal by jointly checking the miles to each terminal.

This is all the sentence says. It simply declares what will be done, and that is convert by jointly checking the miles. Arguably, the district court's interpretation of that sentence, standing alone, is correct. However, it is just as arguably correct to read that sentence in light of those which follow

it.

The second sentence states how the joint check of the miles will be done. That is that the parties will

establish a common point outside the terminal city and determine the difference in distance between the zero point and the terminal.

These are the so-called "spur" miles. Only the spur miles are contemplated to be measured.

The third sentence of the section declares when the requirements of the first sentence, accomplished in the manner directed by the second sentence, will be effective for pay purposes. That sentence says

Once the difference is established the mileages will be adjusted.

The section ends by stating that disputed over-the-road ("trunk") mileages will also be determined, but that is all, nothing more. Simply stated, it is reasonable to believe

that the essence of the entire provision is that only the spur mileages are to be adjusted for pay purposes, and then only after the difference has been established.

When this analysis of Section 3 is coupled with the provisions of Section 2 of the Article, particularly those portions of that Section mandating approval of remeasured mileages by the Bi-State Committee, prohibiting any employer from changing mileage for pay purposes before approval by the Committee and specifically prohibiting retroactivity of approved remeasured mileages, it can be seen that the Committee's interpretation is not only possible, but also sensible and reasonable. A careful examination of the Bi-State Committee's decisions on the issue, set forth above, and particularly the preface to its decision in the "linchpin" case, Case No. 144R86, specifically invoking the provisions of Article 52, Sections

2 and 3, clearly shows that such was the reasoning employed by the Committee. Such is the reasoning which the parties bargained for, and whether right or wrong in the view of any court, it is the reasoning with which the parties should live.

As pointed out by Judge Sprouse in his dissenting opinion below,

Wise or unwise, efficient or inefficient, the parties' resolution of their dispute over the meaning of sections 2 and 3 of the collective bargaining agreement resulted in an arbitral interpretation -- not an amendment of the contract.

Walker v. Consolidated Freightways, Inc., 930 F.2d 376, 384.

As suggested by the results of the poll of the court below, at least three other judges of the Fourth Circuit might well have agreed with him.

It is clear that the decisions below in this case involve



an important question of the Federal law of labor which is in conflict with applicable decisions of other Circuits, and of this Court, which can and should be settled by this Court. As evidenced by the instant case and the cases of the Fifth and Sixth Circuits cited above, the policy of non interference in the arbitral process mandated by this Court in Enterprise Wheel, W. R. Grace and Misco was, and can be, circumvented by the courts through a number of devices. Simply stated, Misco did not take hold. This Court should announce a stronger standard to the effect that courts may not overturn an arbitral decision where a basis for it in the collective bargaining agreement is, or can be, articulated. Otherwise, the deterioration of the finality of arbitral decisions will send the message feared by Judge Williams of the Fifth Circuit Court of Appeals in his dissent in Delta Queen:

"Come to us! If we think the interpretation of your contract is wrong even though the provision is ambiguous, we will find for you that the arbitrator exceeded his jurisdiction and set his award aside."

Delta Queen at 750.

Because of the importance of this issue, and the differing applications of the decisions of this Court by the Circuit Courts of Appeals, this Court should review this case.

## CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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Date: September 13, 1991

## LIST OF NON-WHOLLY-OWNED SUBSIDIARIES OF PETITIONER

The following are non-wholly-owned subsidiaries of the Petitioner, Consolidated Freightways, Inc., or of its wholly-owned subsidiaries, as indicated in parentheses:

Consolidadora De Fletes Mexico, S.A. De C.V.

Centron, LTD (Bermuda) (CFI)

Purolator Insurance Company, LTD (Bermuda) (a non-wholly-owned subsidiary of Purolator Courier Corporation, which is a wholly-owned subsidiary of Emery Air Freight Corporation ("EAFC"), which is a wholly-owned subsidiary of CFI).

Emery Custom Brokers, LTD (U.K.) (a non-wholly-owned subsidiary of EAFC).

Emery Air Freight S.r.l. (Italy) (a non-wholly-owned subsidiary of EAFC).

E.O.F. Hong Kong Limited (Emery Distribution System) ("EDS")

Emery Custom Brokers N.V. (Belgium) (a non-wholly-owned subsidiary of Emery Distribution Systems, Inc. ("EDS"), which is a wholly-owned subsidiary of EAFC).

Emery Custom Brokers Pty. LTD. (Australia) (a non-wholly-owned subsidiary of EDS).

Bradley Facilities, Inc. (a non-wholly-owned subsidiary of EAFC, co-owned with Eastern Airlines, Flying Tiger Line, Inc., American Airlines and Air Express International Corporation.

CF Air Freight (France) (a non-wholly-owned subsidiary of CF International Holdings Corporation ("CFIHC"), which is a wholly-owned subsidiary of CFI).

CF Air Freight (Hong Kong), Limited (a non-wholly-owned subsidiary of CFIHC).

CF Air Freight Pty., Limited (Australia) (a non-wholly-owned subsidiary of CFIHC).

CF Ocean Service (Taiwan) Limited (CFIHC; majority shareholder is Albert Shaw).

Con-Way Intermodal Pty., Limited (Australia) (a non-wholly-owned subsidiary of CFIHC).

CF Ocean Service (Hong Kong) Limited (CFIHC)

Con-Way Intermodal (U.K.) Limited



## APPENDIX





IN THE DISTRICT COURT OF THE UNITED STATES  
FOR THE  
WESTERN DISTRICT OF NORTH CAROLINA  
Charlotte Division  
C-C-86-462-M

HERMAN WALKER, BRADLEY COLESWORTHY,  
TERA B. SLAUGHTER and THOMAS DILLON,

Plaintiffs,

VS.

TEAMSTERS LOCAL 71, CONSOLIDATED  
FREIGHTWAYS, INC., TRANSCON INC.,  
PIE NATIONWIDE,

Defendants.

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FINDINGS OF FACT AND  
CONCLUSIONS OF LAW

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# I. PROCEDURAL BACKGROUND

1. Plaintiffs brought this action alleging: (1) violations of the Labor-Management Reporting and Disclosure Act, 29 U.S.C. 401 et. seq.; (2) violations of Section 301 of the Labor-Management Relations Act; (3) breach of contract; and (4) breach of the union's duty of fair representation. Plaintiffs seek damages for the violation of their right to vote on modifications to their collective bargaining agreement and their right to be fairly represented in contract negotiations. The heart of the controversy is allegations and evidence that the union, Teamsters Local No. 71, agreed to changes in plaintiffs' collective bargaining agreement without giving affected union members their right to vote on those modifications. Plaintiffs contend that the defendant employers joined in these modifications and breached the agreement, thus depriving the plaintiff class of wages.

2. A motion for class certification was filed by plaintiffs and was fully briefed and argued by counsel for the parties. On February 19, 1988, the court entered an order certifying a class of plaintiffs to include the following individuals:

"all over the road drivers covered by the provisions of the Carolina Supplement to the National Master Freight Agreement for the period April 1, 1985 to March 31, 1988, who were employed by Consolidated Freightways, Inc.; Transcon, Inc.; or PIE Nationwide, during the period between October 1, 1985 and May 4, 1986."

3. The case was tried on May 24, 25 and 26, 1988. The court encouraged the parties to explore settlement, agreeing to hold the case open until Monday, June 6 for that purpose. Settlement discussions failed. Post-trial briefs were submitted, and thereafter the court filed a memorandum of decision indicating that it intended to rule in plaintiffs' favor and directing their counsel to submit proposed findings of fact and conclusions of law.

4. In deciding the issues, the court has carefully considered all of the evidence bearing on each such issue, and notes that there have been conflicts in the testimony on certain points. The court made decisions involving credibility and weight to resolve those conflicts. In assessing credibility, the court took into account the usual factors, including the witnesses' demeanor, any interest or bias and the witnesses' knowledge, education and experience. Based upon review of all of the evidence presented, the court makes the findings of fact and conclusions of law set forth

below.

II. FINDINGS OF FACT.

A. Parties.

5. Plaintiffs are over-the-road truck drivers who are members of Teamsters Union Local No. 71 and employed by companies which are signatories to the National Master Freight Agreement (NMFA), a nationwide agreement that covers approximately 200,000 trucking industry employees. Plaintiffs are also covered by the terms of the Carolina Freight Council Over-the-Road Supplemental Agreement (Carolina Supplement), one of the supplemental agreements negotiated simultaneously with the NMFA, which covers all class members. Herman Walker testimony, Exhibit 30.

6. Plaintiff Herman Walker is a truck driver employed by Consolidated Freightways, Inc. He is a resident of Gaston County, North Carolina and a member of teamsters Local 71. At the time this action was filed, he was an elected shop steward for Consolidated Freightways Road Drivers domiciled in Charlotte, North Carolina. Walker testimony.

7. Plaintiff Bradley Colesworthy is a truck driver employed by Consolidated Freightways, Inc. He is a resident of Gaston County, North Carolina and a member of Teamsters Local 71. Colesworthy testimony.

8. Plaintiff Thomas Dillon is a truck driver employed by Transcon, Inc. He is a resident of Gaston County, North Carolina and a member of Teamsters Local 71. Dillon testimony.

9. Plaintiff Tera B. Slaughter is a truck driver employed at times relevant to this action by PIE Nationwide, Inc. He is a resident of Mecklenburg County, North Carolina and a member of Teamsters Local 71. Slaughter testimony.

10. Defendants Consolidated Freightways, Inc., Transcon Inc., and PIE Nationwide, Inc. (the employer defendants) are motor common carriers with terminals in Mecklenburg County, North Carolina. They are employers within the meaning of 29 USC §§ 152(2) and 185, and they are parties to the NMFA and the Carolina Supplement. Stipulated facts, paragraphs 5-7.

11. Defendant Teamsters Local #71 is an unincorporated labor organization with its principal office in Mecklenburg County, North Carolina. Along with the employer defendants, Local 71 is a party to the NMFA Carolina Supplement. Local 71 is a labor organization within the meaning of 29 USC §§ 152(5), 185 and 402(i). Local 71 is affiliated with the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America ("IBT").

B. The Teamsters International Constitution.

12. Article XII of the Teamsters Constitution sets forth the union's requirement for contract ratification votes. These provisions require ratification prior to the signing of a new agreement as well as whenever mid-term modifications are made. Section 1(b) states:

Contracts may be accepted by majority  
vote of those members involved in

negotiations and voting, or a majority of such members may direct further negotiations before a final vote on the employer's offer is taken, as directed by the local Union Executive Board.

....

All of the above provisions shall apply when a contract permits a re-opener or is voluntarily reopened, during its term.

Exhibit 29, Stipulated facts, paragraph 13.

13. Article XVI, Section 4(a) of the International Brotherhood of Teamsters Constitution in effect between June 5, 1981, and May 24, 1986, provides in pertinent part:

If a majority of the votes cast by Local Union members voting approve such contract, it shall become binding and effective upon all Local Unions involved and their members.

....

When a contract negotiated under the provisions of this article permits a re-opener and re-negotiation or is voluntarily re-opened during its stated term, the above shall apply to ratification of the new terms, if any, and Section 4(b) shall apply to strike votes.

Stipulated facts, para. 14.

14. The defendants know this requirement well. In several reported decisions, the Teamsters have been found to have illegally modified the Collective Bargaining Agreement without first conducting a ratification vote of the

affected members. *Bauman v. Presser*, 117 LRRM 2393 (D.D.C. 1984); *Conroy v. Teamsters Local 705*, 124 LRRM 2372, 127 LRRM 2556 (N.D. Ill. 1985); *Sako v. Teamsters Local 705*, 125 LRRM 2372, 127 LRRM 2556 (N.D. Ill. 1987).

15. In the past, Teamsters Local 71 has invoked these constitutional provisions to require ratification votes on matters as obscure as a change in the lunch hour for loading dock workers, and seniority dispatch. Brad Colesworthy testimony.

16. The defendant union acknowledges that mid-term contract modifications require a ratification vote, according to Conrad Sides, Local 71 President. Sides deposition at 134, 135.

C. The NMFA and the Carolina Supplement.

17. On March 31, 1985, the NMFA and the Carolina Supplement expired. Negotiation of a new contract continued after the old contract expired, and in May 1985, a tentative agreement was reached.

18. In May 1985, Conrad Sides, president of Local 71, announced the terms of the tentative agreement to the affected union members of Local 71 at a union hall meeting. Stipulated Facts 18. Dillon, Slaughter testimony.

19. At that meeting, Sides stated, "We've got some good news and some bad news. First, we finally got what you wanted -- gate-to-gate mileage." Slaughter testimony. By "gate-to-gate mileage" Sides was referring to a new provision of the agreement which required the

payment of drivers for the actual number of miles they drove from terminal-to-terminal.

20. After the contract meeting the agreement was submitted to the affected members for a ratification vote, and on May 17 1985, was ratified by the membership.

21. The new NMFA and Carolina Supplement ratified in may 1985 therefore included a new provision important to road drivers. This provision, contained in Sections 2 and 3 of Article 52, is at the center of the controversy now before the court; it provides:

Article 52

. . . .

Section 2. Mileage Determination.

Mileage shall be computed on official AAA mileage. Where a dispute arises, it shall be filed with the Bi-State Grievance Committee. The Employer and the Union shall then jointly log the mileage from terminal to terminal, and the results reported to the Bi-State Grievance Committee. Once this mileage is established, it shall immediately be applied to all runs operated over that particular route by all Employers operating between those two points. No Employer shall change its present mileage pay until the above procedure has been followed, unless such change is agreed to by the Local Union involved. The speedometer of any measuring automobile must be calibrated prior to any



measurement. Any change in mileage resulting from the above procedure shall not result in any retroactive pay to a driver or refund from a driver.

### Section 3. Mileage adjustment.

Within six (6) months of the effective date of this Agreement, the parties will convert the mileage from zero point to terminal by jointly checking the miles to each terminal. It is understood the parties will establish a common checkpoint outside the terminal city and determine the difference in distance between the zero point and the terminal. Once the difference is established, the mileages will be adjusted. It is further understood that any disputed over-the-road mileage between points will be determined.

Stipulated Facts, para. 23, Exhibit 30.

22. The Carolina Supplement was ratified on May 17, 1985. By stipulation of the parties, the mileage provisions at issue in this case were "non-monetary provisions" which became effective on May 27, 1985. Allowing for the six-month conversion period contained in Article 52 of the Carolina Supplement, drivers should have been paid for their travel based upon the terminal-to-terminal rates beginning December 1, 1985.

23. Thus, within six months of the effective date of the newly ratified Carolina Supplement, the employers were required to pay the drivers for the actual mileage that

they drove. This is called "terminal-to-terminal" mileage. The conversion to terminal-to-terminal mileage required recalibration of the mileages over all routes driven by class members.

24. Under the previous NMFA and Supplements, road drivers' mileage pay had been calculated by multiplying the mileage rate by established mileage figures between various cities. This is often referred to as "AAA" or "post office to post office" mileage, since the "zero mileage point" for many cities and towns is located at or near the post office. Plaintiffs contend that in almost all cases, the terminal-to-terminal mileage provisions benefit the class, because they increase by a substantial amount the number of miles for each trip the drivers work. Exhibit 74.

25. The members of Local 71 voted for the conversion to terminal-to-terminal mileage. They believed that the companies fared better than the drivers under the post office to post office method. The inclusion of terminal-to-terminal mileage in the agreement was therefore a popular and significant proposal. Walker testimony, Sides deposition at 35, 55.

26. Plaintiff Colesworthy testified that as an extra board driver, he ran most of the various trips that Consolidated Freightways had established, and that he wanted terminal-to-terminal pay because the drivers benefitted by it. He had compared the actual miles on his hubometer with the mileages that he had been paid for, and found that he almost always drove more miles than he was paid for.

27. Plaintiff Walker testified that he had been

suggesting the terminal-to-terminal mileage method to the union leaders for many years.

28. In negotiating this provision, the union intended that terminal-to-terminal mileage would be effective, and drivers would be paid on the basis of it, by December 1, 1985. Sides deposition.

29. The employer defendants assert that this contract language was ambiguous in that it did not require them to measure certain mileages prior to the calculation of terminal-to-terminal mileage. In particular, the employers assert that the language creates a distinction between 'trunk' miles, the miles between common checkpoints outside of cities driven to, and 'spur' miles, the miles between those checkpoints and each of the various terminals. The employers assert that the parties did not intend to measure trunk miles. Stip. Fact No. 27, Exh. 100.

30. The contract language does not support the employers' justifications for delay. The language of the first sentence of Section 3 unequivocally states that the mileages will be implemented within six months of the agreement's effective date. The language of the last sentence of Section 3 states that disputed trunk mileages will also be measured, thus answering the employers' contention.

31. The history of negotiations also shows that the six-month provision was intended to be final and binding. In negotiating this provision, the members of the Carolina Negotiating committee recognized that measurement of terminal-to-terminal mileage would be a significant and large task. Charles Williams, who later became the key union player responsible for implementing terminal-to-terminal

mileage, told the negotiating committee that they would need several months to measure all the mileages and put them into effect. Charles Williams testimony.

32. Even under the old AAA mileage system, measurements had been made when mileages for different runs were disputed. In addition, whenever new runs were established, those runs were always calibrated. Charles Williams had been in charge of recalibration of disputed runs for trips under the Carolina Supplement prior to 1985. Thus, both the union and employer defendants had participated in calibration of mileages and knew the difficulty of the task that they were facing. Charles Williams testimony.

D. • Sequence of Events.

33. Even though terminal-to-terminal mileage was to be implemented within six months of the effective date of the contract, the defendants did not even meet to discuss mileage implementation until almost four months after contract ratification. On September 9, 1985, the Carolina Negotiating Committee appointed a mileage committee to calibrate the terminal-to-terminal mileage as required under Article 52. The Carolina Negotiating Committee also decided that terminal-to-terminal mileage would be implemented by December 1, 1985, stating:

[The mileage subcommittee] will submit completed mileage checks to the Bi-State Committee on November 20 and such mileages are to be implemented by the carriers on December 1. Mileage checks completed after November 20 will be submitted to the Bi-State on a monthly basis.

Exhibit 13, paragraph 4; Stipulated facts, paragraph 50 (emphasis added); Herman Walker and Charles Williams testimony; Exhibit 32.

34. The only step taken toward measurement of the mileages prior to October 21, 1985, was the September 9 meeting of the Carolina Negotiating Committee. Sides deposition at 89. At that committee meeting, the company and union representatives established guidelines for the recalibration of the various runs for trucking companies in the Carolinas. In addition to the provision set forth above, the guidelines required that the union and employers rent cars to measure the mileages, and place equal numbers of union and employer representatives in each car. The guidelines provided no mechanism for speeding up the measurement process. The guidelines did not establish a mechanism for measuring the mileages nor establish how they would be measured. Those decisions were delegated to the mileage subcommittee.

35. None of the terminal-to-terminal mileages were recalibrated during the first five months of the new 1985 contract. Mileage measurements did not even begin until October 21, 1985. Exhibit 63, p. 2, Williams testimony.

36. The contract language in Article 52, Section 3 of the Carolina Supplement clearly provided that any disputed trunk mileages should be measured. Exh. 30.

37. Union representative Charles Williams realized by the time of the September 9, 1985, meeting that the mileages would not become effective until several months

after the six-month deadline had elapsed. Charles Williams testimony.

38. No complete runs were measured by December 1, 1985. The committee had chosen to measure all trunk mileages first, and to wait to do spur mileage calibrations upon completion of the trunk runs. Because of that method, no mileages were completed until March, 1986. Williams testimony.

39. Time passed. None of the terminal-to-terminal mileage adjustments was implemented on December 1, 1985, date required by the Carolina Supplement and established by the Carolina Negotiating Committee. Plaintiff Walker began asking union officials when the terminal-to-terminal mileage implementation would be made retroactive to December 1. When he failed to receive satisfactory answers, he filed his first grievance on February 17, 1986, as a "class-action grievance" on behalf of all road drivers covered by the 1985-1988 Carolina Supplement. Through this grievance, he attempted to assure that terminal-to-terminal mileage would be implemented promptly and made retroactive to December 1, 1985. Exhibit 64; Herman Walker testimony.

40. Walker filed an additional grievance on February 25, 1986 addressing the same issue. Exhibit 65; Herman Walker testimony.

41. While Walker's grievances were pending, the Carolina Bi-State Grievance Committee ("Bi-State Committee") met on March 20, 1986, to consider implementation of terminal-to-terminal mileage and ruled

that "the mileages are accepted as submitted and shall be effective May 4, 1986."

42. Even though Walker's grievances were pending at the time, they were not considered or discussed by the Bi-State Committee on March 20. In fact, the Bi-State Committee did not consider Walker's grievances until many months later, on September 16, 1986, at which time Walker's grievances were denied. Exhibits 63, 64 and 65; testimony of Herman Walker, Charles Williams and Robert Bell.

43. After plaintiff Walker learned that implementation of terminal-to-terminal mileage had been delayed again, he filed another grievance in May, 1986, requesting retroactive implementation of the mileage adjustment to December 1, 1985. This grievance was not heard until September 16, 1986, at which time the claim was denied. Exhibit 64, Herman Walker testimony.

44. After Walker's grievances addressing the terminal-to-terminal mileage implementation date were denied on September 16, 1986, he and other union members filed internal union charges against Local 71 for failing to pursue actively implementation of terminal-to-terminal mileage in a timely manner and failing to conduct a referendum among road drivers concerning delayed implementation. Exhibits 4, 5, and 6, Herman Walker testimony.

45. This action was filed on October 14, 1986.

E. Statute of Limitations.

46. The defendants contend that plaintiffs failed to

file their action within the applicable six-month statute of limitations period, which they contend began to run on March 20, 1986, the date of the Bi-State Committee decision to implement terminal-to-terminal mileage beginning May 4, 1986. For purposes of considering this defense, the court makes the findings of fact set forth below.

1. When the Statute of Limitations Began to Run.

47. Following the March 20, 1986, decision to implement terminal-to-terminal mileage on May 4, 1986, local union president Conrad Sides posted a notice on April 17, 1986, informing union membership of the May 4, 1986, mileage implementation date. Exhibit 2.

48. At trial, the union called several witnesses who testified that they had learned of the March 20 Bi-State Committee decision some time between March 21, and April 17, 1988. Norris, Hagler, Bieber, Bowman testimony. Although the union defendants contend that the decision to delay implementation of terminal-to-terminal mileage was common knowledge among drivers by late March, 1986, the named plaintiffs consistently testified that they did not learn of the decision until after Conrad Sides posted his notice on April 17, 1986. Compare defendants' testimony of Hugh Baxter, Horace Scarborough and exhibits 86-90 with testimony of Herman Walker, Brad Colesworthy, Tera Slaughter and Tom Dillon, and with Exhibits 91-93.

2. Tolling of the Limitations Period.

49. Plaintiffs contend that even if the limitations period began to run on March 20, 1986, or at some earlier



date, any reasonable effort by the plaintiffs to exhaust remedies, however futile, tolls the statute of limitations. In considering whether the applicable limitations period was tolled, the court makes the findings of fact set forth below.

50. Plaintiffs assumed that the mileage provisions in Article 52 of the agreement would become effective in December. Although it was not implemented on that date, they thought that mileage pay under the terminal-to-terminal mileage system would be made retroactive to December 1, 1985. Walker, Colesworthy, Slaughter and Dillon testimony. They were not alone in this assumption. Conrad Sides, President of Local 71, also believed the pay would be made retroactive. Sides deposition, pp. 99-103.

51. When payment was not received in the weeks after December 1, Walker filed his first "class-action" grievance on February 17, 1986, on behalf of all drivers. Under the circumstances, this was a reasonable step by Walker, who believed that the employers had breached the agreement. The union processed this grievance, and it was accepted as timely by the employer. Exhibit 64, Walker testimony.

52. In April, Walker learned that the Bi-State Committee had decided to delay implementation of the terminal-to-terminal pay, and make payment retroactive, but only to May 4, 1986. Again, Walker filed a grievance, assuming that the Bi-State Committee had acted outside of its jurisdiction, and that their decision could be corrected, as he stated at the September 16, 1986, hearing on all of his grievances. Exhibit 64, Sides deposition, pp. 39-40.

F. Arbitrability of Article 52, Section 3.

53. During the 1985 contract negotiations, Section 2 remained virtually unchanged, while Section 3 was "completely rewritten." See employer defendants' summary judgment brief, p. 5, testimony of Charles Williams. Examination of the language of Section 2 reveals that it was largely superseded by Section 3.

54. Section 2 had previously stated that "Mileage shall be computed in official AAA mileage" which is based on a distance between city centers, but this system was rejected when the parties agreed to convert to the terminal-to-terminal system. More importantly, Section 2 was intended to serve solely as a device for resolving disputes between the parties over the length of individual runs. Thus, in 1986, the Bi-State Committee heard a grievance filed by plaintiff Walker over the calculation of mileage on one of Consolidated's runs. Walker deposition at 134-35; Exhibit 20. Section 2 as a whole simply provides a mechanism for remeasuring runs which the driver or union feels are inaccurate. Seen in this light, the Section 2 provisions on retroactivity are reasonable; that the employers would not be penalized for previous errors by going back and checking the runs for each drive, when only a few would stand to gain. To apply the retroactive pay provision of Article 2 to Article 3 however, makes no sense, for it gives the employers, who stand to lose money through Section 3, free rein to delay measurement of the mileage throughout the contract term.

55. In negotiating the new terminal-to-terminal provision, company and union representatives, according to Sides, spent "many, many negotiating sessions" working out the language in Section 3, and decided that they could complete the mileage checks necessary to implement the new

system, and have them implemented, within six months. Sides deposition at 57-59, 99-100. According to Sides, his understanding of the agreement has always been that the payment for the new mileage would commence on December 1, and even after the employers failed to have the runs measured by that date, he expected the payment to be made retroactive to December 1, because that is what he had bargained for. Sides deposition at 99-103.

G. The Substantive Claims.

56. The Bi-State Committee has jurisdiction to resolve "all matters pertaining to the interpretation of any provision of this agreement." Stip. Facts, para. 30, Exhibit 30, Article 44, 1985-88 Carolina Supplement. The Committee consists of equal numbers of employer and union representatives.

57. On March 20, 1986, the employers and unions under the Carolina Supplement presented a mileage report to the Bi-State Committee. The report stated that some 90% of the mileages had been measured. Sides deposition at 104, Exhibit 63.

58. In the past, the Bi-State Committee had been presented with mileage reports in order to approve the mileage figures so that all companies would be paying the same amount. Sides deposition at 64.

59. Ken Bowman, business agent for Local 71, participated in the March 20 Committee decision. The Bi-State Committee is not empowered to modify or amend the provisions of the collective bargaining agreement. The mileage report submitted did not contain any request for

interpretation of the agreement, only a submission of the mileage figures. Sides deposition. Nevertheless the Committee ruled that "the mileages are accepted as submitted and shall be effective May 4, 1986." Exhibit 63.

60. The transcript of the hearing reveals that the union did not even argue that the pay for terminal-to-terminal mileage should be made retroactive to December 1, 1985. Exhibit 63.

61. Carriers who did not have the mileages completed by May 4, 1986, were required to pay retroactively to that date Sides deposition, Exhibit 63, Charles Williams testimony.

62. During the trial, the defendants argued that the contract required only that "spur" miles be recalibrated within six months and attempted to create a distinction between spur and "trunk" miles. This contention has no support in the language of the contract and does not excuse defendants from their obligation to convert the mileage pay system by December 1, 1985.

63. The contract provision at issue states:

Article 52

.....

Section 3. Mileage adjustment

Within six (6) months of the effective date of this agreement, the parties will convert the mileage from zero point to terminal by jointly checking the miles to each terminal. It is understood the parties will establish a common checkpoint outside the terminal city and determine the difference in distance between the zero point and the terminal. Once the difference is established the mileages will be adjusted. It is further understood that any disputed over-the-road mileage between the points will also be determined.

Exhibit 30. (emphasis added)

64. The first sentence says that conversion to terminal-to-terminal was to take place within 6 months. The following sentences establish the procedure. The last sentence makes clear that trunk miles, where disputed, were to be recalibrated as well, and that the parties anticipated this when the contract was written. Thus, the recalibration and pay change was to occur within six months.

65. Evidence offered at trial showed that the drivers had anticipated recalibration within six months. The union defendants' witnesses anticipated recalibration within six months. Indeed, according to Teamsters Local 71

president Conrad Sides, the six-month implementation provision was added after many negotiations with the companies because they knew that it could not be implemented immediately. The six-month period was drafted to give the union and company representatives time to calibrate the miles. Sides deposition pp. 57-58. Charlie Williams, a union witness, testified that he had been involved in earlier recalibrations. Based on his prior experience, he informed the Carolina Negotiating Committee that recalibration would take an enormous amount of time and work. Williams testimony.

66. Until the Carolina Negotiating committee met on September 9, 1985, the terms "trunk" and "spur" miles had never been used. Sides deposition, p. 176. However, the Committee elected to measure both trunk and spur miles. Moreover, it elected to measure trunk miles first. Exhibit 13; Robert Bell testimony. Defendants contend that spur miles could not be measured until trunk mile calibrations had been completed. Somehow, defendants contend that this justifies their delay in making the conversion. The court finds no merit to this argument. The relevant provisions of Article 52 of the Carolina Supplement make no distinction between spur and trunk miles in requiring conversion to terminal-to-terminal mileage within six months.

### III. CONCLUSIONS OF LAW

#### A. Statute of Limitations.

(Paragraph 1 of Memorandum of Decision.)

##### 1. When the Statute of Limitations Began to Run.

1. Pursuant to *Reed v. United Transportation Union*, \_\_ U.S. \_\_ (1989) 57 U.S.L.W. 4088 (January 11, 1989), the statutory claims arising under section 101 (a) (1) of the Labor Management Reporting and Disclosure Act are governed by North Carolina's three-year statute of limitations for personal injury actions.

2. All parties acknowledge that the applicable statute of limitations to be applied to the statutory claims under 29 U.S.C. 185 and 186 is six months. *DelCostello v. International Brotherhood of Teamsters*, 462 U.S. 151 (1983). The dispute between the parties concerns when the statute begins to run as to these claims. Defendants contend that plaintiffs should have filed this action within six months of the Bi-State Committee decision on March 20, 1986, or at some earlier date.

3. Teamsters Local 71 has tried to show that plaintiffs should have known about the March 20 Bi-State Committee decision more than six months before this suit was filed. The union defendant has offered this evidence in an attempt to claim that the six-month statute of limitations ran before the suit was filed. For the reasons stated below, however, this defense has no merit.

4. The credible testimony of plaintiffs shows that

they did not know about the adverse action of the Bi-State Committee until Conrad Sides posted a notice of the action on April 17, 1986. Suit was filed within six months of that date.

5. Without attempting to explain why President Sides waited almost a month after the March 20 Bi-State Committee decision before posting this notice, the defendants have attempted to claim that the decision was "common knowledge" among the drivers before that date. Defendants' assertion that it was "common knowledge" and a topic of conversation among the drivers on their CB radios before the April 17 notice does not trigger the limitations period any sooner. Workplace scuttlebutt does not commence the running of the statute of limitations. For whatever reason, local union president Conrad Sides chose to wait until April 17, 1986, to announce ~~the~~ March 20 Bi-State Committee decision. Defendants cannot now claim that plaintiffs should be charged with knowledge of the decision at some earlier date.

2. Tolling.

6. In any event, even if defendants are correct in their assertion that the limitations period began to run on March 20, 1986, or at some earlier date, the statute was tolled by plaintiffs' attempt to exhaust internal remedies.

7. In *Clayton v. International United Automobile Workers*, 451 U.S. 679 (1981), the Supreme Court held that exhaustion of internal union remedies is normally a prerequisite to a duty of fair representation suit and that the statute of limitations is tolled during that period. Thus, the six-month statute of limitations did not begin to run during



the time that plaintiffs were attempting to resolve the issues in this case through their grievance procedures and internal union remedies. Here, Herman Walker's various grievances, including his February 17, 1986, "class action grievance" were pending and were not decided until September 16, 1986. Thus, the statute of limitations period was tolled until September 16, 1986.

8. In *Frandsen v. Brotherhood of Railway, Airline & Steamship Clerks*, 782 F.2d 674 (7th Cir. 1986), the court held that the six-month statute of limitations was tolled during the time when internal union remedies were being pursued. In a detailed analysis of the issue, the court noted:

*Clayton and DelCostello*, read together, envisage the following scheme: an employee seeking to vindicate his right to fair representation has six months from the date of his injury to file suit in federal court. At the same time, however, he must pursue internal union procedures that possibly may provide him with a remedy. Thus, during the pendency of those union procedures, the six-month statute of limitations is tolled, to commence running only when the union procedures are exhausted.

782 F.2d at 681.

9. The six-month statute of limitations is also tolled as to the employer defendants while plaintiffs were pursuing union remedies. To hold otherwise would force the plaintiffs to bring two separate lawsuits: First, against the

employer within the six-month statute of limitations, and, Second, against the union, once internal union remedies were exhausted. To avoid this type of piecemeal litigation, the court in *Delcostello* settled on the statute of limitations period to avoid "establishing different limitations periods for the two halves." 462 U.S. at 169, fn. 19. Similar reasoning was followed by the court in *Frandsen* in holding that the statute of limitations is tolled as to the employer while plaintiffs pursue their union remedies.

10. In a recent decision under the analogous Railway Labor Act, the Fourth Circuit held that the statute of limitations does not begin to run until internal union remedies are exhausted:

Generally speaking, "a cause of action for breach of the duty of fair representation accrues at the point where the grievance procedure has been exhausted or otherwise breaks down to the employee's disadvantage. It is only at this point that the employee is cognizant of any alleged breach of the duty owed him by the union. *Hayes v. Reynolds Metals Co.*, 769 F. 2d 1520, 1522 (11th Cir. 1985) (per curiam).

*Dement v. Richmond, Fredericksburg & Potomac Railroad Company*, 845 F. 2d 451, 460 (4th Cir. 1988).

11. Any reasonable effort by the plaintiffs to exhaust remedies, however futile, tolls the statute of limitations. *Frandsen v. Brotherhood of Railway Airline and Steamship Clerks*, 782 F.2d 674 (7th Cir. 1986). The efforts

by plaintiff Walker to pursue grievance and other internal union remedies were entirely reasonable under the circumstances and tolled the limitations period until at least September 16, 1986. This suit was filed well within six months of that date. See, e.g., *Lewis v. International Brotherhood of Teamsters Local 771*, 826 F.2d 1310 1318 (3rd Cir. 1987) ("the time for suit should not begin to run until 'the futility of appeals [becomes] apparent'"), citing, *Clayton v. International Union, United Automobile Workers*, 451 U.S. 679, 685-89 (1981). Where the employee makes a good faith attempt to rectify the contract breach, prior to suit, his actions toll the statute. *Adkins v. International Union of Electrical, Radio, and Machine Workers*, 769 F.2d 330, 336 (6th Cir. 1985); *Scott v. Local 863*, 725 F.2d 226, 229 (3rd Cir. 1984); *Frandsen, supra*.

B. Exhaustion of Internal Union Remedies.  
(Paragraph 2 of Memorandum of Decision).

12. At the time this suit was filed, an internal union grievance initiated by plaintiff Walker and others was pending. Walker testimony, Exhibits 6, 7. Plaintiffs were not required to exhaust this internal dispute resolution procedure before filing suit because that procedure was incapable of affording plaintiff the relief sought. Any resolution reached between plaintiffs and Local 71 would not have been binding on the employer. See *Warner v. McLean Trucking Co.*, 574 F. Supp. 291 (S.D. Ohio 1983).

13. While the union defendant contends that plaintiffs should have filed their action within six months of March 20, 1986, it also claims that plaintiffs failed to exhaust internal union remedies before filing suit. Ignoring the inconsistency of this position, plaintiffs are not barred

from filing suit by their failure to finish out every possible internal union remedy. As the Supreme Court has noted, at some point exhaustion efforts become futile, and "the member ... [may become] ... exhausted instead of the remedies...." *NLRB v. Marine Workers Local 22*, 391 U.S. 418, 425 (1968).

C. "Arbitrability" of the Contract Provision.  
(Paragraphs 3 and 4 of Memorandum of Decision).

14. The plain language of Article 52, § 3 required that the new mileage system be put into effect within six months of contract ratification, or by December 1, 1985. The drivers are entitled to receive compensation based upon the terminal-to-terminal mileage rates as of December 1, 1985, regardless of when the actual recalibrations were completed, and regardless of whether the parties consider the miles measured to be "spur" or "trunk" miles. Unless the six-month provision of Article 52 § 3 is deemed to require payment by the terminal-to-terminal method by December 1, 1985, the contract language is meaningless, for it would permit the employer to delay payment interminably.

15. The defendants contend that the Bi-State Committee was simply "interpreting" the Carolina Supplement and was not modifying it, when it ruled on March 20, 1986, that the new mileage rates would be implemented on May 4, 1986. They argue this in the face of clear language in Article 52, Section 3 providing that "within six months of the effective date of this Agreement, the parties will convert the mileage from zero point to terminal by jointly checking the miles to each terminal." (Emphasis added.)

16. The action by the Bi-State Committee does not draw its essence from the contract and is not entitled to the deference typically afforded arbitration decisions.

17. Moreover, the Bi-State Committee exceeded its authority when it ruled on March 20, 1986, that implementation would be delayed until May 4, 1986. No provision of the contract gave the committee authority to extend implementation beyond the six-month deadline specifically established by the contract.

18. Where a grievance committee exceeds its authority and amends, rather than interprets an agreement, deference to the committee decision is not warranted. See *Warner v. McLean Trucking, Supra*.

19. The reason the defendants have tried so hard to cast the Bi-State Committee's action as an "interpretation" of the contract is to take advantage of a recent Supreme Court decision that gives arbitral bodies wide discretion in hearing evidence, finding facts, and interpreting disputed contract provisions. In *United Paperworkers v. Misco*, \_\_ U.S. \_\_, 108 S.Ct. 364 (1987), the Court held that the factual basis for an arbitrator's decision is not subject to review by federal courts absent fraud or misconduct in the arbitration process.

20. The *United Paperworkers* decision in no way altered the axiom that arbitrators can only interpret contracts and have no authority to modify them. *Warner v. McLean Trucking Company, Supra*; See also, *Steelworkers v. American Manufacturing Co.*, 363 U.S. 564, (1960); *Steelworkers v. Warrior & Gulf Navigation Co.*, 363 U.S. 574 (1960); *Steelworkers v. Enterprise Wheel & Car Corp.*,

363 U.S. 593 (1960).

21. An arbitral body such as the Bi-State Committee has authority to interpret a contract, but the committee cannot rewrite the terms of the contract by altering express language. In this case, the six-month deadline specified by the Carolina Supplement language left no room for interpretation and no gaps to be filled by the Bi-State Committee. If mileage calibrations could not be completed and approved by the six-month deadline, then pay adjustments should have been made retroactive to the deadline. Indeed, when the Bi-State Committee made its ruling on March 20, 1986, it specified that employers that had not implemented the new mileage rates by May 4, 1986, would pay drivers retroactively to that date. Employers in fact did give retroactive pay for terminal-to-terminal mileage once it was implemented. Thus, the employers were clearly capable of calculating retroactive pay, and the Bi-State Committee recognized that retroactive pay could be required in the implementation of terminal-to-terminal mileage.

22. In summary, the defendants' efforts to justify not making pay adjustments retroactive to the six-month deadline specified by the contract simply cannot be dismissed as a mere "interpretation" of the contract. *United Paperworkers* in no way bars this court from reviewing illegal contract modifications, violation of members' right to vote on ratifications, and the defendants' conduct in so acting. The Bi-State Committee was not merely "interpreting" the contract language, it was modifying its express substantive provisions without a required ratification vote by the affected union members.

D. The Duty of Fair Representation.

(Paragraphs 5 and 6 of Memorandum of Decision).

23. A union's duty to represent its members fairly is a judicially created doctrine, derived to balance the union's exclusive representation of its members, set forth in Section 9(a) of the National Labor Relations Act, 29 U.S.C. 185(a). With this exclusive authority comes a responsibility to the individual members, whose individual bargaining rights are correspondingly limited. Under the seminal decision of *Vaca v. Sipes*, 386 U.S. 171 (1967), the Court described the duty of the union "to serve the interests of all members without hostility or discrimination to any, to exercise its discretion with complete good faith and honesty, and to avoid arbitrary conduct." *Id.* at 177.

24. The Fourth Circuit has held that a breach of the duty can arise from a breach of any one of the obligations outlined in *Vaca*. *Griffin v. International U., United Automobile, A. & A.I.W.*, 469 F.2d 181, 183 (4th Cir. 1972). ("While negligence in handling grievances has not been identified as breaching the union's duty of fair representation, ... the courts have adopted the position that a union may not arbitrarily ignore a meritorious grievance or handle it in a perfunctory manner."); *see also Wyatt v. Interstate & Ocean Transport Co.*, 623 F.2d 888, 891 (4th Cir. 1980) (to sustain a union member's action against a union for failure to provide fair representation, it is not necessary that the union's breach be intentional. "A union representative could be so indifferent to the rights of members or so grossly deficient in his conduct ... that the conduct could be equated with arbitrary action.")

25. Applied to the facts of the instant case, it is apparent that the union breached its duty of fair

representation in several ways, including:

26. First, it failed to seek timely implementation of the provisions of the 1985 contract in a diligent fashion. Between ratification of the contract in May and the first implementation meeting four months later in September, it did nothing at all. The company and union defendants failed to produce any evidence showing reasonable steps taken by it in the first four months following ratification of the Carolina Supplement to assure that mileage conversion would occur within the prescribed six months. Throughout, the union acted arbitrarily in the face of clear contract language requiring it diligently to seek implementation of terminal-to-terminal mileage within six months. Its actions were grossly negligent toward union members' interests.

27. At the September 9 Negotiating Committee meeting and thereafter, the union failed to raise the issue of pay by the contract date of December 1, 1985, despite the fact that it was clear that the measurements would not be completed by that date.

28. Moreover, in participating in modifying the agreement in the March 20, 1986, Bi-State Committee decision, the union again failed to protect the members' interests and, without securing any advantage, negotiated away a provision of extreme importance to the members. There is no evidence in the record showing that the union defendants did anything other than acquiesce in the delayed implementation of the new mileage rates.

29. In addition, the union representatives to the Negotiating Committee negligently delegated their duties to the mileage subcommittee without establishing any review



mechanism for the subcommittee work to assure that the new mileage system would be implemented by December 1. The Carolina Negotiating Committee, consisting of union and employer representatives, unlawfully modified the contract by agreeing to give priority to trunk mileage recalibration over spur mileage recalibration and delegating the final say over the implementation date of the new mileage system to the Bi-State Committee, thereby effectively setting aside the six month mileage adjustment provision of the contract which had been ratified by the union membership. The union then negligently agreed to allow the Bi-State Committee to hear a grievance on the issue of when the mileages would be paid, in spite of the fact that the contract clearly provided when the mileages would be paid. At that committee hearing, they failed to argue that the pay should be effective on December 1, 1985, as the contract provided. Similarly the union acted negligently in establishing the mechanism for measurement of mileages, because their representatives recognized that completion by the contract date was impossible, yet agreed to measure all of the trunk mileages first, and took no steps to speed up the measurement process.

30. Further, in failing to submit the modification to the members for a vote, it again breached its duty.

31. Finally, the union delayed hearing Walker's grievances, while at the same time acquiescing in the contract modifications that went to the heart of his grievance. Thus, the union acted against the interests of Walker and all other members seeking the proper implementation of the terminal-to-terminal provisions.

\* \* \* \*

32. Shoddy or inept negotiating may not contravene a union's duty to represent its membership fairly. Here, however, the union's actions were worse than negligent. Local 71 completely failed to represent the members' wishes and secured no advantage for the members when they agreed to delay implementation.

33. Without ever calling for a ratification vote or objecting to the authority of the Bi-State Committee to change the implementation date, the local union left the issue of the implementation date to the Bi-State Committee, which had no power to negotiate changes in the agreement. Though Local 71 officials must have recognized by December 1 that the process had broken down, Sides stated that even at the time of the March, 1986, grievance hearing he expected payments to be retroactive to December 1, 1985. Yet the union representatives at the March meeting failed to even raise the issue of retroactivity! Sides deposition, pp. 99-100, 106, 118, 135, 139; Stipulated facts, para. 62, 64. Most surprisingly, though 90% of the runs had been calibrated by March 20, the union agreed without objection to a further six week delay in payment. The union's concession on March 20 had a tremendous impact upon the drivers, but no reciprocal benefit was received in return. In short, the union simply gave away the drivers' entitlement to five months of terminal-to-terminal pay without a word of protest and without receiving anything in exchange.

34. A union's duty of fair representation is breached by arbitrary or grossly negligent negotiation of contracts. Thus, for example, in *Trail v. International Brotherhood of Teamsters*, 542 F.2d 961 (6th Cir. 1976), the court found that a claim that a union had negotiated a wage

rider that was below the already nationally negotiated contract level, and in violation of the union constitution, "knowing that it would be rejected by the membership," stated a cognizable claim for relief for violation of the union's duty of fair representation. *Id.* at 968.

35. Failure to comply with terms of the IBT Constitution requiring a ratification vote is a violation of the duty of fair representation. When a union negotiates an agreement or modification and then fails to obey its constitution and submit the negotiated change to the membership for a ratification vote, the union has breached its duty to represent the members fairly. In a case similar to the one before the court, a business agent agreed to a project which the members had twice rejected, and in contravention of the parent union's constitutional rights, which required that all collective bargaining agreements be approved by a majority of the affected locals. The court held that it was a "paradigm breach of this duty" of fair representation. *Alexander v. International Union of Operating Engineers*, 624 F.2d 1235, 1240-41 (5th Cir. 1980).

36. In *Conroy v. Teamsters Local 705*, 124 LRRM 3240 (N.D.Ill. 1985) the defendant unions had negotiated a mid-term change of the seniority system without informing the members and without submitting the change to the members for a vote. The court thus found an issue of fact as to whether the union had breached its duty. *See also*, *Teamsters Local 310 v. NLRB*, 587 F.2d 1176 (D.C. Cir. 1978), and *Warehouse Union, Local 860 v. NLRB*, 652 F.2d 1022 (D.C. Cir. 1981).

37. In *Livingston v. Ironworkers Local 812*, 647 F.Supp. 723 (W.D.N.C. 1986), the court recognized that a

union's unfair conduct of a ratification vote implicated the union's duty of fair representation, because the members had been given inadequate notice of the agreement's signing, and voided the agreement. Because the union here was clearly acting in contravention of the members' interests, the union violated its duty to represent all of the members interests by failing to conduct such a vote.

38. The union breached its duty of fair representation in its delay in processing Walker's grievances. The grievances that Herman Walker filed in February and May concerning implementation of terminal-to-terminal mileage clearly had merit. The union and employer defendants acknowledge that implementation of terminal-to-terminal mileage was a major issue and that considerable time was devoted to it. Nevertheless, Walker's grievances were not heard until September 16, 1986, many months after they were filed. In *Harrison v. United Transportation Union*, 530 F.2d 558 (4th Cir. 1975), *cert. denied*, 425 U.S. 958 (1976), the court held that the failure to process an arguably meritorious grievance is evidence of bad faith sufficient to overcome a union's motion for a directed verdict in a breach of fair representation action. The Fourth Circuit in *Zimmerman v. French International School*, 830 F.2d 1316 (4th Cir. 1987) followed similar reasoning in holding that the inference of bad faith created by delay was sufficient to defeat a union motion for summary judgment. When all of the circumstances leading to delayed implementation of the terminal-to-terminal mileage provisions in this case are considered together, the court concludes that there has been an arbitrary and capricious disregard for the contract and statutory rights of plaintiffs by the union defendants.

39. The employer defendants are liable for breach of contract because they knowingly agreed to circumvent the contract ratification procedures and modified the mileage adjustment provision of the contract without submitting the modification to the union membership for a ratification vote.

40. The amendment of the agreement in this case resulted in a breach of the wage provisions of the 1985 contract. Because the amendment was secured illegally by violation of the IBT Constitution, and through the Bi-State Committee, which acted without authority to negotiate contract amendments, the employer is estopped from relying on the amendment as a defense to his breach of the agreement.

41. It is well recognized that where an employer has had notice of the lack of authority of the union to enter into an agreement, no agreement is reached. *O'Mara v. Erie Lackawanna R.R. Co.*, 407 F.2d 674, 679 (2nd Cir. 1969), *aff'd*, *Czosek, et al. v. O'Mara, et al.*, 397 U.S. 25 (1970). Where the employer has knowledge of the ratification requirement, and this is the basis for the fair representation claim, the employer may also be found liable for breach of the contract or for having joined in the fair representation breach. *Sako v. Teamsters Local 705*, 125 LRRM 2372 (N.D.Ill. 1987). In *Sako*, the court held that if the union were found to have breached its duty of fair representation in conduct of a ratification vote, the employer could be held liable for a continuing breach of the contract, by paying wages at concessionary level agreed upon by the union or by joining in the fair representation breach. In *Gocłowski v. Penn Central*, 571 F.2d 747 (3rd Cir. 1977), and *Rubberworkers Local 670 v. Rubberworkers*, 125 LRRM 2969 (6th Cir. 1987), the courts found that companies joined

with the union representatives in their fair representation breaches.

42. Article XII(E) of the Teamsters Constitution mandates that all employers with Teamster contracts be provided with copies of all provisions of the Constitution requiring ratification. The employers have provided no evidence to suggest that they were unaware of this requirement, and in fact with their long bargaining history with the local union, it is assumed that they were aware of the ratification requirement. In addition, the employers have made no allegation that they relied on the union's apparent authority to enter into the agreement. Here, where the employer was also a party to the illegal negotiations procedures, they may be deemed to be aware that the contract modification was unlawful. *See, e.g., Parker v. Teamsters Local 413*, 501 F.Supp. 440, 450 (S.D. Oh. 1980) *aff'd. without op.*, 657 F.2d 269 (6th Cir. 1981), (employer breached collective bargaining agreement by implementing flexible workweek after it had participated in conduct which caused ratification election to be meaningless).

E. Breach of Contract

(Paragraphs 6 and 7 of Memorandum of Decision).

43. Defendants' decision to delay implementation of terminal-to-terminal mileage until May 4, 1986, without paying drivers retroactively to October 1 or December 1, 1985, amounted to an illegal mid-term modification of the collective bargaining agreement.

44. Defendants breached plaintiffs' contractual rights by delaying the time specified in the Carolina Supplement for implementation of terminal-to-terminal

mileage without the ratification vote required by the IBT Constitution. Plaintiffs are therefore entitled to relief under both § 301 of the LMRA and §§ 101(a) of the LMRDA, 29 U.S.C. §§ 185 and 411. The union's failure to submit the contract modification created by the Bi-State Committee decision to the affected members for a ratification vote violated section 101(A)(1) of the LMRDA. *Sako v. Teamsters Local 705, Supra.*; *Bauman v. Presser*, 117 LRRM 2393 (D.D.C. 1984).

45. Plaintiffs and other union members are entitled to an equal right to vote in union referenda, pursuant to 29 U.S.C. §411(a)(2). Although this statutory provision does not require that any particular matter be submitted to union members for their ratification, if the union's constitution and bylaws require ratification, those constitutional provisions are enforceable under this section.

46. The International Brotherhood of Teamsters Constitution accords plaintiffs the right to vote on mid-term contract modifications. The Constitution also requires that employers negotiating contracts with the unions be apprised of the ratification requirements.

47. Under the LMRDA, 29 U.S.C. § 401 *et. seq.* (1982), unions have an affirmative duty to ensure that "[e]very member of a labor organization shall have equal rights and privileges within such organization to nominate candidates, to vote in elections or referendums of the labor organization ...." 29 U.S.C. § 411(a)(1)(1982).

48. This "equal rights" provision is part of the union members' Bill of Rights, contained in Title I of the LMRDA. The LMRDA, enacted in 1959, was a direct



result of hearings of the Senate Select Committee on Improper Activities in the Labor or Management Field, known as the McClellan hearings. The hearings disclosed massive corruption controlling certain American labor unions, particularly the Teamsters and the Longshoremens. Much of the testimony focused on the ties between union corruption and inadequate membership representation. The hearings included testimony on Union officers who negotiated contracts in disregard or even defiance of their members' wishes. See Morris (ed.), *The Developing Labor Law* (2d ed. 1983), pp. 49-60 for a summary of legislative history leading to LMRDA enactment.

49. Title I of the LMRDA was broadly fashioned after the Bill of Rights of the United States Constitution to remedy problems of inadequate representation of union members. It was designed to enable "the members ... to determine the course of their organization ..." *Navarro v. Gannon*, 385 F.2d 512, 518 (2nd Cir. 1967). To achieve that purpose, courts have recognized that under the equal rights provision of Title I, union members may enforce constitutional provisions that provide them with a ratification vote on contracts or contract modifications. See, *Bunz v. Moving Picture Machine Operators Local 224*, 567 F.2d 1117 (D.D.C. 1977) (enforcing the bylaws provision requiring a two-third vote for assessment, and invalidating union adoption of an assessment with a 59% majority); *American Postal Workers Union Local 6885 v. APWU*, 665 F.2d 1096, 1108 (D.C. Cir. 1981) (where local union was excluded from ratification vote in violation of constitution, Section 101(a)(1) was violated); and *Christopher v. Safeway Stores*, 644 F.2d 467, 468-71 (5th Cir. 1981) (because union's constitution provided that all 'major propositions' affecting the local union must be approved at a membership



meeting, and no vote was taken, Title I was violated). *See also, Bauman v. Presser*, 117 LRRM 2393 (D.D.C. 1984); *Sako v. Teamsters Local 705*, 125 LRRM 2372 (N.D. Ill. 1987).

50. The teamsters have frequently used the mid-term modification provisions in the IBT Constitution to provide members with a vote. Several courts have recently examined the Constitutional language in Article XII and have determined that a ratification vote was called for under the facts presented. Thus, in *Sako v. Teamsters Local 705*, *supra*, the court examined the claims of members who alleged that the union utilized improper procedures in a ratification vote. In denying the union's claim that the court had no jurisdiction because the parties had no right to a referendum, the court examined the local bylaws and the Teamsters Constitution, and found that such a right was present. In *Conroy v. Teamsters Local 705*, 124 LRRM 3240 (N.D. Ill. 1985), the court found that a negotiated change in bidding procedures had not been submitted to the members, and found that an issue of fact as to whether the union's duty to fairly represent the members existed, because "proper voting and disclosure had not been followed." *Conroy* is especially significant because the negotiated change at issue was not a change in contract language. Rather, it was a change in past practice between the employers and the union. *See also, Bauman v. Presser*, 117 LRRM 2393 (D.D.C. 1984) (midterm modification of the national UPS contract improper under Teamsters Constitution; members deprived of meaningful vote because of short discussion period); *Barker v. Teamsters Local 413*, 501 F.Supp. 440 (S.D. Oh. 1980), *aff'd without op.*, 657 F.2d 269 (6th Cir. 1981).

51. The cases referred to above, as well as *Lewis v. Teamsters Local 771*, 826 F.2d 1310 (3rd Cir. 1987), show that ratification votes are common in the union, for everything ranging from a reopening of a national agreement (*Bauman, supra*), to a change in the procedures road drivers use to vote on their bids (*Conroy, supra*), or hold seniority. A ratification vote should have been held before implementation of terminal-to-terminal mileage was delayed. The evidence in the record establishes that terminal-to-terminal pay was a major "improvement" in the 1985 [sic] and the union's negotiation of a later implementation date was a form of wage concession. The importance of the change to the drivers cannot seriously be derided by the union, because it was the very first change that President Sides announced to the members at the meeting concerning the 1985 Carolina Supplement. Walker, Colesworthy and Slaughter testimony.

52. In delaying implementation, the grievance committee created a significant change in the contract language, and deprived the affected members of a long sought term and condition of employment.

53. By refusing to implement the new mileage pay system by the date required in the contract, and by failing to pay the mileages from the date set forth in the contract, the defendant employers breached the collective bargaining agreement.

54. By knowingly agreeing to circumvent the contract ratification procedures, the employers joined with the union defendant in their breach of the duty of fair representation. *Rubberworkers Local 670 v. Rubberworkers, Goclowski, Sako, supra*.

Dated: May 5, 1989.

James B. McMillan  
United States District Court Judge

IN THE DISTRICT COURT OF THE UNITED STATES  
FOR THE  
WESTERN DISTRICT OF NORTH CAROLINA  
Charlotte Division  
C-C-86-462-M

HERMAN WALKER, BRADLEY COLESWORTHY,  
TERA B. SLAUGHTER and THOMAS DILLON,

Plaintiffs,

-vs-

TEAMSTERS LOCAL 71, CONSOLIDATED  
FREIGHTWAYS, INC., TRANSCON INC.,  
PIE NATIONWIDE,

Defendants.

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Based upon the findings of fact and conclusions of law set forth in the accompanying memorandum, the court enters judgment as follows:

1. The employer defendants are ORDERED to pay back pay based upon gate-to-gate mileage to affected drivers retroactive to December 1, 1985;
2. The court will leave to the parties the task of calculating and distributing back pay. However, the court will retain jurisdiction in the event that disputes arise as to the proper calculation or distribution of back pay; and

3. Counsel for plaintiffs are directed to file their motion for attorney fees within 45 days. The issue of apportionment of attorney fees among the defendants will be resolved by the court when it rules upon plaintiffs' motion for attorney fees. If defendants appeal this judgment prior to that time, then the motion for attorney fees need not be filed until all matters on appeal have been resolved.

This 8 day of May, 1989.

James B. McMillan  
United States District Judge

UNITED STATES COURT OF APPEALS  
FOR THE FOURTH CIRCUIT

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No. 89-1041

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HERMAN WALKER; BRADLEY COLESWORTHY;  
TERA B. SLAUGHTER; THOMAS DILLON,

Plaintiffs - Appellees,

versus

CONSOLIDATED FREIGHTWAYS, INC.; TRANSCON,  
INC.; PIE NATIONWIDE,

Defendants - Appellants,

and

TEAMSTERS LOCAL NO. 71; TEAMSTERS LOCAL NO.  
28; TEAMSTERS LOCAL NO. 61; TEAMSTERS LOCAL  
NO. 391; TEAMSTERS LOCAL NO. 509; TEAMSTERS  
JOINT COUNCIL NO. 9; TRUCKING MANAGEMENT,  
INC.; CAROLINA TRUCKING ASSOCIATION, INC.,

Defendants.

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No. 89-1044

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HERMAN WALKER; BRADLEY COLESWORTHY;  
TERA B. SLAUGHTER; THOMAS DILLON,

Plaintiffs - Appellees,

versus

TEAMSTERS LOCAL NO. 71,

Defendant - Appellant,

and

CONSOLIDATED FREIGHTWAYS, INC.; TRANSCON,  
INC.; PIE NATIONWIDE; TEAMSTERS LOCAL NO. 28;  
TEAMSTERS LOCAL NO. 61; TEAMSTERS LOCAL NO.  
391; TEAMSTERS LOCAL NO. 509; TEAMSTERS JOINT  
COUNCIL NO. 9; TRUCKING MANAGEMENT, INC.;  
CAROLINA TRUCKING ASSOCIATION, INC.,

Defendants.

Appeals from the United States District Court for the  
Western District of North Carolina, at Charlotte. James B.  
McMillan, Senior District Judge. (CA-86-462-C-C-M)

Argued: March 6, 1990

Decided: April 11, 1991

Before HALL, SPROUSE, and WILKINS, Circuit Judges.

Affirmed in part and reversed in part by published opinion. Judge Hall wrote the majority opinion, in which Judge Wilkins joined. Judge Sprouse wrote a concurring and dissenting opinion.

**ARGUED:** Melvin R. Manning, MANNING, DAVIS & KIRBY, Richmond, Virginia; Hugh J. Beins, BEINS, AXELROD, OSBORNE & MOONEY, P.C., Washington, D.C., for Appellants. Paul Alan Levy, PUBLIC CITIZEN LITIGATION GROUP, Washington, D.C., for Appellees. **ON BRIEF:** F. William Kirby, MANNING, DAVIS & KIRBY, Richmond, Virginia; Jonathan G. Axelrod, BEINS, AXELROD, OSBORNE & MOONEY, P.C., Washington, D.C., for Appellants. Edward G. Connette, III, GILLESPIE, LESESNE & CONNETTE, Charlotte, North Carolina; Julie Fosbinder, Tucson, Arizona, for Appellees.

HALL, Circuit Judge:

Plaintiffs, Herman Walker, Bradley Colesworthy, Tera Slaughter, and Thomas Dillon, are truck drivers who are represented by Teamsters Union Local No. 71. They initiated this action below against their employers, their union, and several different locals, alleging that their employers had breached their collective bargaining agreement by not timely implementing a new mileage measuring system and that the union had breached its duty to fairly represent them by agreeing to a contract modification without the assent of the union members. Plaintiffs seek to have the relevant provision of their collective bargaining agreement applied retroactively to December 1, 1985, rather than to May 4, 1986. The court certified a class of over-the-road truck drivers represented by



the named plaintiffs and, following a bench trial, ruled that Local 71 had breached its duty of fair representation to the class. The court also held that three trucking companies -- Consolidated Freightways, Inc., Transcon, Inc., and PIE Nationwide -- had breached their collective bargaining agreement with the plaintiff class. The union and the employers appeal. We affirm in part and reverse in part.

## I.

This dispute arose in North Carolina, where the defendant trucking companies have freight terminals. Two collective bargaining agreements govern the parties' working relationship: the National Master Freight Agreement (NMFA) and the Carolina Over-The-Road Supplemental Agreement (Carolina Supplement).<sup>1</sup> Under these agreements, drivers' wages are calculated by applying a negotiated mileage rate to the number of miles driven. Historically, distances were measured between specified places within cities, called "zero mileage points." The distance between zero mileage points was often called "post office to post office" mileage or "AAA" mileage, because the "zero mileage point" for many cities was located at the post office and American Automobile Association figures were used for guidance. Prior to 1985, any dispute about the proper mileage was resolved under Article 52, section 2 of the Carolina Supplement, entitled "Mileage Determination." That section required that disputes be submitted to the Joint Bi-State Area Committee (Bi-State Committee), a body composed of an equal number of union and employer representatives and created to resolve contract

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<sup>1</sup>The Carolina Supplement applies to most of the Teamsters' locals in the Carolinas.

disputes arising under the Carolina Supplement.

In March 1985, the 1982-1985 NMFA and Carolina Supplement expired. Soon thereafter, the union and employers negotiated a new agreement, which union members ratified on May 17, 1985.<sup>2</sup> Pursuant to this new agreement, the mileage system was to change from "post office-to-post office" to "terminal-to-terminal," under which drivers would be paid for mileage from the gate of the terminal of origin to the gate of the terminal of destination. Sections 2 and 3 of Article 52 of the Carolina Supplement incorporated this change. They provide:

#### Section 2. Mileage Determination.

Mileage shall be computed on official AAA mileage. Where a dispute arises, it shall be filed with the Bi-State Grievance Committee. The Employer and the Union shall then jointly log the mileage from terminal to terminal, and the results reported to the Bi-State Grievance Committee. Once this mileage is established, it shall immediately be applied to all runs operated over that particular route by all Employers operating between those two points. No

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<sup>2</sup>In addition, a "Stipulation and Agreement" provided that non-monetary provisions of the new agreement would not become effective until ten (10) days after notification of ratification was given to the motor carriers. Notification of ratification was given on or about May 17, 1985, resulting in an effectivity date of approximately May 27, 1985.

Employer shall change its present mileage pay until the above procedure has been followed, unless such change is agreed to by the Local Union involved. The speedometer of any measuring automobile must be calibrated prior to any measurement. Any change in mileage resulting from the above procedure shall not result in any retroactive pay to a driver or refund from a driver.

### Section 3. Mileage Adjustment.

Within six (6) months of the effective date of this Agreement, the parties will convert the mileage from zero point to terminal by jointly checking the miles to each terminal. It is understood the parties will establish a common checkpoint outside the terminal city and determine the difference in distance between the zero point and the terminal. Once the difference is established, the mileages will be adjusted. It is further understood that any disputed over-the-road mileage between points will also be determined.

Certain drivers believed that previously-accepted "trunk" miles were inaccurate and needed to be measured along with the measurement of "spur" miles.<sup>3</sup> The employers disagreed, believing that only "spur" miles needed

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<sup>3</sup>"Trunk" miles are the distances between zero mileage points, and "spur" miles are the distances from the zero points to the terminals.

to be calibrated. These drivers resolved their dilemma by claiming a disagreement over all the lines between all cities covered by the Carolina Supplement, thus creating the "dispute" needed to implicate sections 2 and 3 of the contract calling for the determination of "disputed" trunk distances. On September 4, 1985, Charles Williams, a member of Local 391, filed a grievance that placed all such miles in dispute, thereby initiating a procedure that would decide the correct mileage for all trunk routes covered by the Carolina Supplement.<sup>4</sup> Williams admittedly initiated the grievance with the sole objective of having all such distances measured.

In response to Williams' grievance, the Carolina Negotiating Committee, composed of an equal number of union and employer representatives, met on September 9, 1985, and named a Mileage Subcommittee to begin the work of calibrating all trunk and spur miles. The Negotiating Committee, however, elected to measure trunk miles first. The Negotiating Committee also established guidelines for the Subcommittee's work. These guidelines provided, in part:

[The Mileage Subcommittee will submit completed mileage checks to the Bi-State Committee on November 20 and such mileages are to be implemented by the carriers on December 1. Mileage checks completed after November 20 will be

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<sup>4</sup>Local 391, originally a party to the action, is not a party in this appeal. Williams' grievance, nevertheless, resolved the mileage measurement issue as to all involved locals, including Local 71.

submitted to the Bi-State on a monthly basis.

Shortly before September 25, 1985, Conrad Sides, President of Local 71, invited all Local 71 road stewards to discuss the Negotiating Committee guidelines. At this meeting, no one objected to any guideline.

Mileage calibration began on October 21, one month before the calculations were scheduled for submission to the Bi-State Committee. The calibration task evolved into a difficult and lengthy project and was not completed by December 1, 1985.

On February 17, 1986, Herman Walker, a member of Local 71 and a shop steward for Consolidated Freightways' road drivers, filed a "class action grievance" on behalf of all over-the-road drivers covered by the Carolina Supplement. His grievance stated that the employers had not implemented the new mileage figures and requested that carriers be required to pay drivers retroactively to December 1, 1985, under the terminal-to-terminal system. One week later, Walker filed a related grievance, formally asking to receive notice of and to attend the hearing on his February 17, 1986, grievance.

On March 20, 1986, the Bi-State Committee received and accepted the report of the Mileage Subcommittee. The record of the proceedings reveals no specific discussion of the grievances filed by either Williams or Walker. At this meeting, however, the Bi-State Committee entered the following decision: "[m]ileages are accepted as submitted

and shall be effective May 4, 1986.<sup>5</sup>

On May 9, 1986, Local 71 submitted Walker's grievances to the Bi-State Committee, summarized as follows:

On September 9, 1985, the Carolina Negotiating Committee met to set forth rules, regulations, and guidelines that were to be followed in logging miles from terminal to terminal. It was agreed the mileage checks would be submitted to the Bi-State Grievance Committee on November 20, 1985 and implemented by all carriers on December 1, 1985. The Union is requesting all new mileage figures be rolled back to and paid to all drivers retroactive to December 1, 1985 just as the carriers agreed to on September 9, 1985.

On May 12, after terminal-to-terminal mileage went into effect, Walker filed another grievance on behalf of himself and forty-one other drivers, again requesting the new mileage figures be applied retroactively to December 1, 1985. In July 1986, Walker filed an additional grievance protesting the mileage figures used by Consolidated Freightways and protesting Consolidated's delay until June 29, 1986, in implementing the new mileage figures.

On September 16, 1986, the Bi-State Committee

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<sup>5</sup>After the Bi-State Committee received the Mileage Subcommittee's report, members of the Bi-State Committee voiced their approval. The Bi-State Committee then went off the record before entering its decision.

heard Walker's grievances. At this proceeding, Walker, who was represented by Local 71's business agent, conceded that Consolidated had implemented terminal-to-terminal mileage with payments retroactive to May 4, 1986. However, he asserted that recalculated mileage should be applied retroactively to December 1, 1985. The Bi-State Committee disagreed, concluding:

Based on the evidence that the Company is in compliance with Article 52, Section 2 and the decision of this committee [on March 20, 1986] and further that the minutes of the September 9, 1985 meeting of the Carolina Negotiating Committee are merely guidelines, the claim is denied.

In short, Walker's grievances failed to result in a longer retroactive pay period.

## II.

On October 14, 1986, Walker, Slaughter, Dillon, and Colesworthy filed this action against Local 71, Consolidated Freightways, Transcon, PIE Nationwide, and others.<sup>6</sup> They alleged (1) breach of the union's duty of fair representation, (2) breach of the collective bargaining agreement by their employers, (3) violations of Section 301 of the

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<sup>6</sup>The complaint originally named as defendants Teamsters Locals 71, 28, 61, 391, and 509; Teamsters Joint Council No. 9; Consolidated Freightways, Transcon, Inc., and PIE Nationwide; and two employers' organizations, Trucking Management, Inc., and Carolina Trucking Association, Inc. The district court subsequently dismissed all the defendants except the three employers and Local 71. The dismissals are not at issue in this appeal.

Labor-Management Relations Act, and (4) violations of Section 101(a) of the Labor-Management Reporting and Disclosure Act (LMRDA).<sup>7</sup>

After a bench trial in May 1988, the district court summed up the basis of the dispute, stating:

The heart of the controversy is allegations and evidence that the union, Teamsters Local No. 71, agreed to changes in plaintiffs' collective bargaining agreement without giving affected union members their right to vote on those modifications.

Reduced to its essentials, the district court's decision held that the Bi-State Committee's action constituted an amendment, not an interpretation, of the collective bargaining agreement. According to the court, "[t]he plain language of Article 52, § 3 [of the Carolina Supplement] required that the new mileage system be put into effect within six months of contract ratification, or by December 1, 1985." Therefore, the district court determined that the Bi-State Committee exceeded its arbitral authority when it modified the contract to allow the employers to implement the new mileage system after December 1, 1985. As a result, the district court concluded that the union breached its duty of fair representation to its members when it assented to this "renegotiation of the collective bargaining agreement" without seeking approval or ratification from its union

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<sup>7</sup>Internal union charges had been filed a month earlier, but the international union has not processed these claims pending the outcome of this litigation.



members.<sup>8</sup>

In addition, the district court held that Local 71 violated its duty of fair representation when it "failed to seek timely implementation" of the mileage provisions; when it "negligently delegated (its) duties to the mileage subcommittee"; when it "failed to raise the issue of pay" when it became clear that the calibration would not be completed on schedule; and when it delayed processing Walker's grievances. Concomitantly, the court held that the employers had breached the collective bargaining agreement, and entered judgment ordering the employers "to pay back pay based upon gate-to-gate mileage to affected drivers retroactive to December 1, 1985."

### III.

In concluding that the Bi-State Committee's decision constituted an amendment of the Carolina Supplement, the district court acknowledged that an arbitral body<sup>9</sup> has authority to interpret a contract. It held, however, that the Bi-State Committee rewrote, rather than interpreted, express terms of the contract. We agree.

Courts, of course, cannot normally disturb an arbitral finding that draws its essence from the governing collective bargaining contract. *United Paperworkers Int'l Union, AFL-CIO v. Misco, Inc.*, 484 U.S. 29, 36 (1987). Merely

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<sup>8</sup>The governing provision of the union constitution requires that any modification of an existing collective bargaining agreement be ratified by a majority vote of union members affected.

<sup>9</sup>It is uncontested that the Bi-State Committee is the responsible body designated by the collective bargaining agreement to process grievances.

because a court finds that the arbitrator has seriously misconstrued a contract is not a sufficient reason to set aside an arbitrator's decision. *Id.* This rule reflects the strong federal policy that private resolutions of labor disputes are favored. *Id.*

The court found that the language of Section 3 unequivocally states that the mileages will be implemented within six months of the agreement's effective date. The implementation delay was provided to allow time to recalculate the mileages, but even if the mileages were not recalculated by the end of six months, they were to be effective then.

The court also found that the language of the Contract makes no distinction between spur and trunk miles and allows for no deviation from the six-month effective date in order for both to be measured. The terms "trunk" and "spur" were first used in the Committee meeting on September 9, 1985, and the Committee elected to measure both. Though the Bi-State Committee is not empowered to modify or amend the provisions of the collective bargaining agreement, the mileage report, as submitted, did not contain any request for interpretation of the agreement. The Committee ruled merely that "the mileages are accepted as submitted and shall be effective May 4, 1986. We concur in the district court's conclusion that the Committee's decision did not "draw its essence" from the collective bargaining agreement. Thus, the Committee's decision amounted to a modification of the contract, rather than a permissible interpretation.

Local 71 was represented on the Bi-State Committee by Ken Bowman, its business agent. Though Bowman

participated in the March 20, 1986, Committee decision, he made no argument that the pay for terminal-to-terminal mileage should be made retroactive to December 1, 1985. Therefore, we affirm the district court's finding of a breach of duty to fairly represent based on its theory that the contract was amended rather than interpreted.

#### IV.

The district court also found that Local 71 violated its duty of fair representation by: (1) failing to seek timely implementation of the provisions of the 1985 contract in a diligent fashion; (2) failing to submit the new May 4, 1986, implementation date to the membership for a vote; and (3) delaying Walker's grievance while simultaneously acquiescing in the new implementation date. Each of these grounds supports a claim of breach of duty to fairly represent.

We note that the standard for gauging a union's performance in this context has not varied greatly in the past decades. In *Vaca v. Sipes*, 386 U.S. 171, 190 (1967), the Supreme Court stated that "[a] breach of the statutory duty of fair representation occurs only when a union's conduct toward a member of the collective bargaining unit is arbitrary, discriminatory, or in bad faith." In *Griffin v. Auto Workers*, 469 F.2d 181, 183 (4th Cir. 1972), we stated that "[w]ithout any hostile motive of discrimination and in complete good faith, a union may nevertheless pursue a course of action or inaction that is so unreasonable and arbitrary as to constitute a violation of the duty of fair representation."

In developing the standards articulated in *Griffin*, we later stated:

To sustain a member's action against his union under *Griffin* standards, it is not necessary that the union's breach be intentional. A union representative could be so indifferent to the rights of members or so grossly deficient in his conduct purporting to protect the rights of members that the conduct could be equated with arbitrary action.

*Wyatt v. Interstate & Ocean Transp. Co.*, 623 F.2d 888, 891 (4th Cir. 1980). Malicious or egregious delay in pursuing plaintiffs' rights can violate the Vaca proscription.

We find the evidence sufficient to support the district court's conclusions; therefore, we cannot overturn on appeal. *Anderson*, 470 U.S. at 574-75. We affirm.

#### V.

Finally, the employers argue that the district court erred in certifying the plaintiff class to include all drivers covered by the Carolina Supplement to the NMFA rather than just those represented by Local 71. We agree. Only employees represented by Local 71 have standing to sue it on the duty of fair representation and LMRDA § 101(a) claims. *Karo v. San Diego Symphony Orchestra Ass'n*, 762 F.2d 819, 821 (9th Cir. 1985). A local's duty of fair representation extends only to a class consisting of employees it represents. *Chambers v. McLean Trucking Co.*, 550 F. Supp. 1335, 1345-46 (M.D.N.C. 1982), *aff'd*, 701 F.2d 163 (4th Cir.), *cert. denied*, 462 U.S. 1133 (1983). Thus, employees not represented by Local 71 lack standing to sue it either directly or as part of a class action. The class, as certified, includes employees not represented by Local 71. It is, therefore, overbroad as to the above

claims.

Moreover, in order to recover for breach of a collective bargaining agreement, employees must establish that they first attempted to exhaust the agreement's grievance procedure. *Republic Steel Corp. v. Maddox*, 379 U.S. 650 (1965). The evidence shows that employees represented by Local 71 have met this requirement, but does not show that employees represented by other locals have.

Finally, the trial court dismissed all of the locals, other than Local 71, and as stated in the court's own findings of fact, the class is composed only of drivers within Local 71. Therefore, it was error to define the class to include members of other locals. We reverse the court's judgment as it applies to employees not represented by Local 71.

AFFIRMED IN PART AND REVERSED IN PART

SPROUSE, Circuit Judge, concurring in part and dissenting in part:

I respectfully dissent from the conclusion reached in Parts III and IV of the majority's opinion and would reverse. I concur in Parts I, II, and although I would not have reached the issue discussed in Part V, in my view, it is correctly resolved.

The district court correctly acknowledged that an

arbitral body<sup>1</sup> has authority to interpret a contract. It held, however, that the Bi-State Committee rewrote, rather than interpreted, express terms of the contract. The majority agrees with that conclusion, but I cannot.

The majority concedes that courts normally cannot disturb an arbitrable finding that draws its essence from the governing collective bargaining contract. *United Paperworkers Int'l Union, AFL-CIO v. Misco, Inc.*, 484 U.S. 29, 36 (1987). As the Supreme Court stated:

[T]he arbitrator's award settling a dispute with respect to the interpretation or application of a labor agreement must draw its essence from the contract and cannot simply reflect the arbitrator's own notions of industrial justice. But as long as the arbitrator is even arguably construing or applying the contract and acting within the scope of his authority, that a court is convinced he committed serious error does not suffice to overturn his decision.

*Misco*, 484 U.S. at 38. In holding that the arbitrator had not exceeded its authority, the *Misco* Court further stated that "[n]o dishonesty is alleged; only improvident, even silly, fact finding is claimed. This is hardly a sufficient basis for disregarding what the agent appointed by the parties determined to be the historical facts." *Id.* at 39.

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<sup>1</sup>The majority acknowledges that the Bi-State Committee is the responsible body designated by the collective bargaining agreement to process grievances.

Similarly, in *United Steelworkers of America v. Enterprise Wheel & Car Corp.*, 363 U.S. 593 (1960), the Supreme Court warned of the dangers of judicial intervention in an arbitration decision, stating:

Respondent's major argument seems to be that by applying correct principles of law to the interpretation of the collective bargaining agreement it can be determined that the agreement did not so provide, and that therefore the arbitrator's decision was not based upon the contract. The acceptance of this view would require courts, even under the standard arbitration clause, to review the merits of every construction of the contract. This plenary review by a court of the merits would make meaningless the provisions that the arbitrator's decision is final, for in reality it would almost never be final.

*United Steelworkers*, 363 U.S. at 598-99.

Application of the principles articulated in *United Steelworkers* and *Misco* compels me to disagree with the district court's conclusion that the grievance decision of March 20, 1986, did not draw its essence from the collective bargaining agreement. In arriving at this conclusion, I view differently the interpretative cohesiveness of sections 2 and 3. The former, virtually unchanged by the 1985 agreement, relates only to the measurement of distances between "zero mileage points." Significantly, this section provides that "[a]ny change in mileage resulting from the above procedure shall not result in any retroactive pay to a driver or refund from a driver." And, as previously stated by the

majority, this section required actual measurement only when a dispute arose.

Section 3 states that, within six months, the parties must convert the mileage from zero point to terminal. Like section 2, section 3 also requires measurement of "over-the-road" mileage (from city to city) in the event of a dispute over the distance between specific cities. Plaintiffs contend that Williams' grievance mandated calibration of all miles and that pay adjustments not made within six months after the effective date of the Carolina Supplement were to be paid retroactively. This contention, however, also reveals an inherent tension between sections 2 and 3. Section 2 did not require retroactive application, but, as the plaintiffs would interpret it, section 3 does. In my view, the language of sections 2 and 3 spawning this dispute is sufficiently ambiguous to permit interpretation. It presents the kind of dispute normally resolved through the agreed grievance procedures.

The drivers argue nevertheless that there is no authority in the disputed sections for the action of the Bi-State Committee advancing the retroactive date from December 1985 to May 1986. For that matter, however, there is no specific language fixing a retroactive date in the first place. The language of section 2 contained in the 1985 agreement states that "[n]o Employer shall change its present mileage pay until the above procedure has been followed, unless such change is agreed to by the Local Union involved." Section 3, in reference to the calculation of "spur" miles, states that "[o]nce the difference is established, the mileages will be adjusted." The language of section 3 never specifically mandates retroactive pay adjustments, let alone a date for the adjustments.



While we might not necessarily agree with the Bi-State Committee's interpretation of the conflicting sections, "courts have no business overruling [an arbitrator] because their interpretation of the contract [or facts] is different from his." *United Steelworkers*, 363 U.S. at 599. The grievance machinery, as it was used here, falls considerably short of a perfect model. The mechanism employed for the resolution of mileage disputes, however, is one to which the union and employers have agreed in their collective bargaining contracts. Wise or unwise, efficient or inefficient, the parties' resolution of their dispute over the meaning of sections 2 and 3 of the collective bargaining agreement resulted in an arbitrable interpretation--not an amendment of the contract. Thus, in my view, the district court erred in concluding that the Committee's decision did not "draw its essence" from the collective bargaining agreement and in its finding of a breach of duty to fairly represent based on its theory that the contract was amended rather than interpreted.<sup>2</sup>

The district court also found that Local 71 violated its duty of fair representation by, in part, unnecessarily delaying the mileage calibration and by delaying the processing of Walker's grievance. I agree with the majority that the standard for gauging a union's performance in this context has not varied greatly in the past decades, and, of course, the majority correctly refers to the controlling principles of *Vaca v. Sipes*, 386 U.S. 171, 190 (1967); *Griffin v. Auto*

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<sup>2</sup>Since, in my opinion, the contract had not been amended, it follows that the union did not violate either Section 301 of the Labor-Management Relations Act or Section 101(a) of the Labor-Management Reporting and Disclosure Act, as contended by the plaintiffs.

*Workers*, 469 F.2d 181, 183 (4th Cir. 1972); and *Wyatt v. Interstate & Ocean Transp. Co.*, 623 F.2d 888, 891 (4th Cir. 1980).

Malicious or egregious delay in pursuing plaintiffs' rights could be considered evidence of perfunctory conduct, unreasonableness, or even bad faith so as to constitute arbitrary action violative of the *Vaca* proscription. Here, however, no mystery surrounds the delays, and no evidence demonstrates unreasonable attitudes, unreasonable approaches, or arbitrary action on the part of either the union or the employers. Plaintiffs concede that Local 71 consistently contended that the contract language required conversion to terminal-to-terminal pay within six months of ratification and the record discloses that Local 71 advanced that position with fidelity. Local 71 also consistently contended that calibration of all miles, not just spur miles, must be completed within six months. However, the need to calibrate all miles, a development not contemplated by section 3, contributed greatly to the delay in the calibration process. Moreover, Local 71 believed that section 3 required retroactive pay and, thus, it did not foresee a sense of urgency in completing the process.

If Local 71 had pursued a tack different from the one it chose, the conversion time may have been shortened and the new mileage implemented within the six-month period or, failing that, there may have been ways it could have produced an interpretation of the contract requiring a retroactive implementation to December 1, 1985. However, if these are failures on the part of the union, they do not rise to the level of bad faith and/or arbitrary action. As we stated in *Ash*:

Simple negligence, ineffectiveness, or poor judgment is insufficient to establish a breach of the union's duty. Rather, the union's conduct must be "grossly deficient" or in reckless disregard of the member's rights....

....

[A] flawless performance is not required to fulfill the union's duty.

*Ash v. United Parcel Service, Inc.*, 800 F.2d 409, 411 (4th Cir. 1986) (Citations omitted). Moreover, we observed in *Smith v. United Steelworkers of America, Local 7898*, 834 F.2d 93, 96 (4th Cir. 1987), "[a] union's exercise of its judgment need not appear as wise in the glaring light of hindsight, and a violation of the duty of fair representation is not made out by proof that the union made a mistake in judgment." Consequently, I would find no breach by the union as a result of the asserted delay.

Finally, in my view, plaintiffs' contention that Local 71 violated its duty by delaying Walker's grievance flies in the face of the stipulation of facts entered into by the parties.<sup>3</sup> Even without these admissions, no evidence

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<sup>3</sup>Prior to trial, the parties entered into a stipulation of facts, which included the following:

77. The delay in processing Walker's grievance was explained by Bowman. He was sick and was operated on in both March and April 1986. He didn't meet with Jenkins of Consolidated until May, 1986, and he filed the grievance with the Bi-State Committee on May 9, 1986. The Committee didn't get to it in June; there was no meeting in July, and Bowman postponed it in August so that it could be heard as the first case in September, 1986.

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80. On or about August 11, 1986, Walker and Local 71 Business Agent Ken Bowman met at Local 71's office to discuss the submission of the grievances to the Bi-State Committee.

81. Local 71 submitted the various Walker grievances to the Bi-State Committee on May 9, 1986. Local 71 summarized the grievances as follows:

On September 9, 1985, the Carolina Negotiating Committee met to set forth rules, regulations, and guidelines that were to be followed in logging miles from terminal to terminal. It was agreed the mileage checks would be submitted to the Bi-State Grievance Committee on November 20, 1985 and implemented by all carriers on December 1, 1985. The Union is requesting all new mileage figures be rolled back to and paid to all drivers retroactive to December 1, 1985 just as the carriers agreed to on September 9, 1985.

84. Walker had the opportunity to introduce whatever documents he desired and to speak freely while presenting Local 71's case.

85. Bowman did not do anything improper at the hearing on Case 259-R-86.

93. Walker could not identify any facts of collusion between the Unions and the Employers.

95. Walker does not accuse Sides, Bowman, or any official of Local 71 of any bad faith or wrongdoing in connection with the terminal-to-terminal implementation or his grievance or his representation at the Bi-State Committee hearing.

96. The Plaintiffs know of no misconduct by Local 71 except not requiring the ratification vote.

suggests that the delays resulted from bad faith. Walker's grievances were interwoven with the ongoing procedures for pursuing the union's version of the meaning of sections 2 and 3 of the Carolina Supplement and securing to the advantage of its members the measurement of trunk miles. It is undisputed that Local 71 officials were as convinced as was Walker that the implementation date for the new mileage system should be retroactive to December 1, 1985. Nothing in the record indicates any reasons for the union to have deviated from that position. Consequently, I feel the district court also erred in finding a breach of the duty to fairly represent flowing from the delay in processing Walker's grievances.

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97. Up to the time of the Bi(-)State Decision on 9/16/86, Walker never complained or objected to Bowman about his representation or presentation to the Bi-State Committee.

101. Local 71 President, Conrad Sides, was upset at the Bi-State Committee decision which made the mileage effective May 4, 1986. He said that the Committee was "out of their mind." Sides, like Bowman, always believed that the gate-to-gate should be effective December 1, 1985 in accordance with the Contract.

UNITED STATES COURT OF APPEALS  
FOR THE FOURTH CIRCUIT

FILED June 20, 1991

No. 89-1041

WALKER; BRADLEY COLESWORTHY; TERA B.  
SLAUGHTER; THOMAS DILLON

Plaintiffs - Appellees

v.

CONSOLIDATED FREIGHTWAYS, INC.; TRANSCON,  
INC.; PIE NATIONWIDE

Defendants - Appellants

and

TEAMSTERS NO. 71; TEAMSTERS LOCAL NO. 28;  
TEAMSTERS LOCAL NO. 61; TEAMSTERS NO. 391;  
TEAMSTERS LOCAL NO. 509; TEAMSTERS JOINT  
COUNCIL NO. 9; TRUCKING MANAGEMENT, INC.;  
CAROLINA TRUCKING ASSOCIATION, INC.

Defendants

No. 89-1044

HERMAN WALKER; BRADLEY COLESWORTHY;  
TERA B. SLAUGHTER; THOMAS DILLON

Plaintiffs - Appellees

v.

TEAMSTERS LOCAL NO. 71

Defendant - Appellant

and

CONSOLIDATED FREIGHTWAYS, INC.; TRANSCON, INC.; PIE NATIONWIDE; TEAMSTERS LOCAL NO. 28; TEAMSTERS LOCAL NO. 61; TEAMSTERS LOCAL NO. 391; TEAMSTERS LOCAL NO. 509; TEAMSTERS JOINT COUNCIL NO. 9; TRUCKING MANAGEMENT, INC.; CAROLINA TRUCKING ASSOCIATION, INC.

Defendants

On Petition for Rehearing with Suggestion for Rehearing  
In Banc

The appellant's petition for rehearing and suggestion for rehearing in banc were submitted to this Court.

On the question of rehearing before the panel, Judge Sprouse voted to rehear the case. Judges Wilkins and Hall voted to deny.

In a requested poll of the Court on the suggestion for rehearing in banc, Judges Ervin, Phillips, Murnaghan, and Sprouse voted to rehear the case in banc; and Judges

Russell, Widener, Chapman, Wilkinson, Wilkins,  
Niameyer, and Judge Hall voted against in banc rehearing.

As the panel considered the petition for rehearing  
and is of the opinion that it should be denied, and as a  
majority of the active circuit judges voted to deny  
rehearing in banc,

IT IS ADJUDGED AND ORDERED that the  
petition for rehearing and suggestion for rehearing in banc  
are denied.

Entered at the direction of Judge Hall.

For the Court,  
JOHN M. GREACEN  
CLERK



UNITED STATES COURT OF APPEALS  
FOR THE FOURTH CIRCUIT

FILED June 27, 1991

No. 89-1041

Walker v. Consolidated Freight

No. 89-1044

Walker v. Teamsters Local 71

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M A N D A T E

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The judgment of this court dated 4/11/91 takes  
effect today.

JOHN M. GREACEN  
CLERK